

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
1002 North School Street, Building E
Honolulu, Hawaii 96817**

**January 19, 2012
9:15 a.m. ****

AGENDA

I. CALL TO ORDER/ROLL CALL

II. APPROVAL OF MINUTES

- A. Regular Meeting Minutes, December 15, 2011 (Pgs 001-008)
- B. Executive Session Minutes, December 15, 2011

III. PUBLIC TESTIMONY

Public testimony on any agenda item shall be taken at this time. Pursuant to section 92-3, Hawaii Revised Statutes, and section 17-2000-18, Hawaii Administrative Rules, the Board may limit public testimony to three minutes.

IV. FOR ACTION

- A. Motion: To Accept the Hawaii Public Housing Authority's Audited Financial Statements for the Period July 1, 2010 to June 30, 2011 and to Authorize the Executive Director to Submit the Audit to the U.S. Department of Housing and Urban Development (Pgs. 009-087)
- B. Motion: To Accept the Hawaii Public Housing Authority's Audited Financial Statements for the Period July 1, 2010 to June 30, 2011 for the Banyan Street Manor Property (Pgs. 088-108)
- C. Motion: To Approve the Granting of a Non-Exclusive Electrical Easement at Puuwai Momi to the Hawaiian Electric Company for Maintenance of the Electrical Distribution System (Pgs. 109-124)
- D. Motion: To Authorize the Executive Director to Execute a Long Term Lease with the County of Hawaii for the Use of a HUD Approved Disposition Parcel of Land at Lanakila Homes for the New County Fire Department, and to Undertake All Actions Necessary to Obtain Approval of Said Lease (Pgs. 125-129)

- E. Motion: To Amend the Admissions and Continued Occupancy Policy Regarding Preferences and Splitting of the Wait List and Authorize the Executive Director to Undertake All Steps Necessary to Effect Such Changes (Pg. 130)
- F. Motion: To Authorize the Executive Director to Pursue Conveyance of Remnant Parcels of Land Adjacent to Puahala Homes, From Department of Land and Natural Resources, as Part of the Kuakini Extension Project, and Undertake All Actions Necessary to Accept Said Remnant Parcel of Land (Pgs. 131-145)

V. REPORTS

- A. Board Task Force Reports
- B. Executive Director's Report: (Pgs. 146-183)
Accomplishments for the Month of December 2011 and Planned Activities for Month of January 2012 for Activities Related to Public Housing; Section 8 Subsidy Programs; Construction Management Branch; Compliance Office; Planning & Evaluation Office: media inquiries, legislative; Fiscal Management Office; Contracts & Procurement; Information Technology Office; Personnel: turnover, recruitment, safety/workers compensation; and Hearing Office.

VI. FOR DISCUSSION/INFORMATION

- A. For Information: *Kolio, et al v. State of Hawaii, Hawaii Public Housing Authority Denise Wise in Her Official Capacity As Executive Director (Civil Case No. CV11-00266 and Civil No. 11-1-0795)* (Pg. 184) (Pgs. 185-188 Confidential)

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to *Kolio, et al v. State of Hawaii, Hawaii Public Housing Authority; Denise Wise In Her Official Capacity As Executive Director (Civil Case No. CV11-00266 and Civil No. 11-1-0795)*

- B. For Discussion: Review and Execution of an Energy Services Agreement (Pg. 184) (Pgs. 189-192 Confidential)

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities.

- C. For Information: U.S. Department of Housing and Urban Development Ethics Training (Pg. 193)
- D. Information: Hawaii Public Housing Authority Annual Report for the Fiscal Year July 1, 2010 to June 30, 2011 (Pgs. 194-210)
- E. For Discussion: Board Visioning and Strategic Planning Process (Pg. 211)

(The start time of 9:15 am is an approximate time. The HPHA Regular Board meeting will be convened immediately following the close of the HHA Wilikina Apartment Project Inc. meeting.)**

If any person requires special needs (i.e., large print, taped materials, sign language interpreter, etc.) please call Ms. Deesha Piiohia at (808) 832-4690 by close of business two days prior to the meeting date. Meals will be served to the Board and support staff as an integral part of the meeting.

Approved by the Executive Director 
January 19, 2012

FOR ACTION

SUBJECT: To Accept the Hawaii Public Authority's Audited Financial Statements for the Period July 1, 2010 to June 30, 2011 and to Authorize the Executive Director to Submit the Audit to the U.S. Department of Housing and Urban Development

I. FACTS

- A. The audit of the Hawaii Public Housing Authority's (HPHA) financial statements for fiscal year ending June 30, 2011, was performed by our independent auditor, KMH, LLP. The financial statements are attached.
- B. The HPHA's financial statements are submitted electronically to the U.S. Department of Housing and Urban Development (HUD) and due no later than March 31, 2012.
- C. KMH has also completed the single audit testing on internal controls and compliance. Management is drafting responses and corrective action plans in response to the auditor's findings. The single audit findings are submitted to the Federal Single Audit Clearinghouse.

II. RECOMMENDATION

That the Board of Directors Accept the Audited Financial Statements and Single Audit for the Fiscal Year Beginning July 1, 2010 and Ending June 30, 2011.

Attachment A: Audited Financial Statements and Single Audit Findings for Fiscal Year July 1, 2010 Ending June 30, 2011

Prepared by: Clarence Allen, Fiscal Officer 

Approved by the Board of Directors
on the date set forth above

David Gierlach
Chairperson

Hawaii Public Housing Authority

Financial Statements

June 30, 2011

Together with Independent Auditor's Report

Submitted by

**THE AUDITOR
STATE OF HAWAII**

Hawaii Public Housing Authority

Management Discussion and Analysis
June 30, 2011

The Management Discussion and Analysis (MD&A) provides the highlights of the Hawaii Public Housing Authority's (HPHA) financial performance for the fiscal year ended June 30, 2011. The HPHA's MD&A is designed to: focus on significant financial issues; review the HPHA's financial activity; highlight changes in the HPHA's financial position (its ability to address the next and subsequent year challenges); and identify individual fund issues or concerns. Since the MD&A is designed to focus on the financial activities of the HPHA for the last fiscal year ended June 30, 2011, readers should review this in conjunction with the financial statements that follow.

INTRODUCTION

The Hawaii Public Housing Authority (HPHA) is administratively attached to the State's Department of Human Services. The HPHA's Board of Directors consists of eleven members, of whom nine are public members appointed by the Governor. Public members are appointed from each of the counties of Honolulu, Hawaii, Maui, and Kauai. One public member must be an advocate for low-income or homeless persons. One public member must be a person with a disability or an advocate for persons with disabilities. As required by federal statutes, at least one public member shall be a person who is directly assisted by the authority under the federal low-rent public housing or federal section 8 tenant-based housing assistance payments program while serving on the board. The Director of the Department of Human Services and the Governor's designee are ex-officio voting members. All HPHA board actions are taken by the affirmative vote of at least six members.

During the audited period of July 1, 2010 to June 30, 2011, the HPHA administered the following major programs:

- Federal and State public housing programs
The HPHA administered over 5,300 federal public housing units in Hawaii with funds received from the United States Department of Housing and Urban Development (HUD), and 860 state public housing units developed with State funds.
- Federal and State rent subsidy programs
The HPHA administered two federally funded rental assistance programs - Section 8 Housing Choice Voucher Program, Veterans Affairs Supportive Housing Program and the State funded rental assistance program, subsidizing monthly rental payments to qualified households. HPHA also has a Special Allocation Program which administers a project based program under a contract with the federal government through a subcontract, Contract Management Services (a subsidiary of the Bremerton, Washington Housing Authority).

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Management Discussion and Analysis
June 30, 2011

FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the assets of the HPHA exceeded its liabilities by \$387,209,990 (net assets). Of this amount, \$298,607,858 is invested in capital assets, net of related debt. (as detailed on *Government-Wide Statement of Net Assets, page 20*)
- The HPHA's government wide net assets decreased by \$3,331,714. The decrease in net assets is the offsetting activities in government activities and Business-type activities as follows:
 - a. Governmental activities change in net assets of (\$30,891,209) is primarily due to the Intergovernmental Transfers of (\$21,919,677) (as detailed on *Government Wide Statement of Activities, page 21*) which represents the transfer of the Homeless Program, HMS 224 (pursuant to a legislative order) to the Department of Human Services (as detailed in the *Notes to the Financial Statement #7*).

Of the \$21,919,677 transferred to the Department of Human Services, \$20,106,315 represents the capital assets related to the Homeless Program (as detailed on *Reconciliation of the Change in Fund Balances of Governmental Funds To the Statement of Activities, page 25*) and the remaining balance of \$1,813,362 represents Intergovernmental Transfers (as detailed on *Governmental Funds Statement of Revenues, Expenditures and changes in Fund Balances, page 24*).

The remaining change is related to the net change in Capital Projects funds of approximately (\$8,679,000), which consists of capital outlay of approximately \$12,773,703, net of current year appropriations of approximately \$4,094,000 (as detailed on *Governmental Funds Statement of Revenues, Expenditures and changes in Fund Balances, page 24*).

- b. Business-type activities change in net assets of approximately \$27,559,495 (*Detailed on Government-Wide Statement of Activities, page 21*) is primarily due to capital contribution transfers of \$12,716,254, net operating transfers of \$4,798,396, and income before transfers of \$10,044,845 (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Assets, page 30*).

The capital contribution transfers are related to the Capital Project fund's current year capital outlay (\$12,773,703) (as detailed on *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, pages 24*) expended for the benefit of business-type activities funds.

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Management Discussion and Analysis

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Similar to the prior year, the net operating transfers are related to rental housing shortfalls paid for by the General Fund (as detailed on *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances*, pages 24).

The income before transfers is due to an increase in HUD capital subsidy from prior year of approximately \$6.7 million and from the gain from sale of Banyan Street Manor Project of approximately \$4.0 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Assets*, page 30).

- Governmental funds reported a combined ending fund balance of \$44,507,648, a decrease of \$10,487,837 in comparison from prior year ending balance. The decrease includes a net change in fund balance of \$(8,679,761) for the Capital Projects fund (*Detailed on Governmental Funds, Statement of Revenues, Expenditures and changes in Fund Balance*, page 24).

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the HPHA's basic financial statements. The HPHA's basic financial statements comprise three components:

- 1) Government-wide financial statements;
- 2) Governmental fund financial statements; and
- 3) Proprietary fund financial statements.

This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the HPHA's finances in a manner similar to a private-sector business. The first two government-wide financial statements – *Statement of Net Assets* and the *Statement of Activities* provide both long-term and short-term information about the HPHA's overall financial status.

The *Statement of Net Assets* presents information on all of the HPHA's assets less liabilities, resulting in net assets. The statement displays the financial position of the HPHA. Over time, increases and decreases in net assets help determine whether the HPHA's financial position is improving or deteriorating.

The *Statement of Activities* shows how the HPHA's net assets changed as a result of the year's activities. The statement uses the accrual basis of accounting, similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid. The statement identifies the extent each expenditure function draws from general and federal revenues of the HPHA or is financed through charges for services and intergovernmental aid (primarily federal programs and state appropriations).

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The government-wide financial statements of the HPHA are divided into three categories:

- **Governmental activities.** The activities in this section are primarily supported by State appropriations or by HUD contributions, and focus on money flow into and out of those funds and the balances left at year-end. The governmental funds statements – the *Balance Sheet* and the *Statement of Revenues and Expenditures and Changes in Fund Balances* – are reported using modified accrual accounting (*an accounting method measuring cash and all other financial assets readily convertible to cash*). The governmental fund statements provide a detailed short-term view to help determine whether there are more or fewer financial resources to finance the HPHA's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided to explain the relationship (*or differences*) between them.
- **Business-type activities.** Business type activities (*also referred to as "proprietary funds"*) are financed and operated in a manner similar to private business enterprises, where funding to recover costs of providing goods and services to the general public is derived through user charges. Business-type activities are reported using an accrual basis of accounting and the economic resources measurement focus.
- **Fiduciary funds.** Fiduciary funds account for assets held by the HPHA in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the HPHA cannot use these assets for its operations. Fiduciary funds of the HPHA, consisting of agency funds and private-purpose trust funds, are reported in the Statement of Fiduciary Net Assets using an accrual basis of accounting. Agency funds held by the HPHA involve only the receipt, temporary investment, and remittance of resources to individuals, private organizations, or other governments in a purely custodial capacity.

Detailed information on HPHA's most significant funds is represented in the fund financial statements, but the fund statements are not a representation of the HPHA as a whole.

Fund Financial Statements: The HPHA uses fund accounting to ensure and demonstrate fiscal accountability. A fund is defined as a grouping of related accounts used to keep track of specific sources of funding and spending for particular purposes (*sometimes referred to as a "self-balancing" set of accounts*). This means a fund's assets will equal the total of its liabilities and its fund balance (or net assets), similar to the way financial statements are presented.

The financial activities of the HPHA are recorded in individual funds, each deemed to be a separate accounting entity. Funds are then either reported as a major or non-major fund. The criteria for determining "major" or "non-major" funds is based on Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - Management's Discussion and Analysis for State and Local Governments. Major funds are reported separately, while non-major funds are combined as a whole and separated as a column in the fund financial statements. Details for the non-major funds are found in the combining section of the financial statements.

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Notes to the Financial Statements: Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

HAWAII PUBLIC HOUSING AUTHORITY Condensed Statement of Net Assets June 30, 2011 & June 30, 2010

	Governmental Activities		Business Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 49,643	\$ 60,076	\$ 53,788	\$ 38,294	\$ 103,430	\$ 98,370
Capital assets	5,435	25,851	293,172	281,933	298,608	307,784
Other assets	-	-	8,303	8,181	8,303	8,181
Total Assets	\$ 55,078	\$ 85,927	\$ 355,263	\$ 328,408	\$ 410,341	\$ 414,335
Current and other liabilities	\$ 5,135	\$ 5,080	\$ 9,301	\$ 11,723	\$ 14,436	\$ 16,803
Long-term liabilities	137	149	8,558	6,841	8,695	6,990
Total Liabilities	5,272	5,229	17,859	18,564	23,131	23,793
Net assets:						
Invested in capital assets, net of related debt	5,435	25,851	293,173	281,810	298,608	307,661
Restricted	-	-	5,829	7,160	5,829	7,160
Unrestricted	44,370	54,846	38,401	20,875	82,773	75,721
Total net assets	49,806	80,753	337,404	309,845	387,210	390,542
Total liabilities & net assets	\$ 55,078	\$ 85,927	\$ 355,263	\$ 328,408	\$ 410,341	\$ 414,335

Statement of net assets

Net assets may serve over time as a useful indicator of the HPHA's financial position. At the close of the fiscal year, the HPHA's assets exceeded its liabilities by \$387,209,990. As noted earlier, \$298,607,858 of net assets is invested in capital assets, net of related debt.

Of the HPHA's total assets, \$298,607,858 (or 73%) represents capital assets, net of related debt, Cash and Due from the State of Hawaii (as presented in the detailed *Government-Wide Statement of Net Assets, page 19*) in the amount of \$93,822,990 and comprises 23% of total assets. Amounts that are "Due from the state of Hawaii" represent available State allotted appropriations as of the end of the fiscal year and are primarily designated for capital improvement projects. Net assets for the previous fiscal year had a similar composition with the majority of total net assets represented by capital assets, net of related debt.

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Accounts payable and accrued current expenses of \$11,309,754 (as detailed in the *Government-Wide Statement of Net Assets, page 20*) comprise 78% of the HPHA's total current liabilities.

Long term liabilities increased by \$2,459,720 from the prior year. This is primarily due to the increase in other post retirement employee benefits liability of \$1,693,236 (as detailed in the *Notes to the Financial Statements, #11.*) The HPHA's obligations related to other post retirement employee benefits are based on reports provided by the State's Department of Accounting and General Services.

HAWAII PUBLIC HOUSING AUTHORITY Government-Wide Statement of Activities Years Ended June 30, 2011 – June 30, 2010 (In thousands of dollars)

	Governmental Activities		Business Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for services	\$ -	\$ -	\$ 20,442	\$ 21,724	\$ 20,442	\$ 21,724
Operating grants and contributions	48,409	48,349	22,412	21,793	70,821	70,142
Capital grants and contributions	-	-	24,242	17,496	24,242	17,496
Other income	-	-	3,993	1,163	3,993	1,163
General Revenues:						
State allotted appropriations, net of lapsed funds	9,274	48,852	-	-	9,274	48,852
Other (loss) income	-	(75)	-	-	-	(75)
Total revenues	57,683	97,126	71,089	62,176	128,772	159,302
Expenses						
Governmental Activities						
Homeless services and assistance program	-	22,916	-	-	-	22,916
Rental housing assistance program	61,856	57,292	-	-	61,856	57,292
Business-type activities						
Rental assistance program	-	-	50,870	51,966	50,870	51,966
Housing development program	-	-	8,637	8,415	8,637	8,415
Other	-	-	1,538	1,160	1,538	1,160
Total governmental-wide expenses	61,856	80,208	61,045	61,541	122,901	141,749
Excess of revenues over expenses	(4,173)	16,918	10,044	635	5,871	17,553
Capital contributions	-	-	12,716	9,119	12,716	9,119
Transfers	(26,718)	(3,610)	4,799	3,493	(21,919)	(117)
CHANGES IN NET ASSETS	(30,891)	13,308	27,559	13,247	(3,332)	26,555
Total net assets, beginning of year	80,697	67,389	309,845	296,598	390,542	363,987
Total net assets, end of year	\$ 49,806	\$80,697	\$ 337,404	\$ 309,845	\$ 387,210	\$ 390,542

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Statement of Activities

Operating grants and contributions increased \$679,504 in the current year from \$70,141,974 to \$70,821,478. Capital grants and contributions also increased by \$6,745,701 in the current year from \$17,496,330 to \$24,242,031. Included in those increase are the HUD operating and capital subsidies which increased from \$39,289,053 to \$46,654,508 an increase of \$7,365,455 or 19% from prior year. Those amounts contributed to the business-type activities operating income of \$6,051,646 for the year, as detailed in the *Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets*, page 30. Consequently, business-type activities recognized net income, before capital contributions and transfers, of \$10,044,845 for the year.

Government activities net assets decreased by \$(30,891,209). The detailed charts on *Government-Wide Statement of Activities*, page 21 noted that this change is primarily due to \$21,919,677 intergovernmental transfers which represents the transfer of the Homeless program (pursuant to a legislative order) to DHS, (see Footnote #7, page 54). When capital projects related to business type activities are completed with governmental funds, they are transferred to a business-type activity.

FINANCIAL ANALYSIS OF THE HPHA'S FUNDS

Governmental funds

The focus of the HPHA's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the HPHA's financing requirements. In particular, unreserved fund balances may serve as a useful measure of the HPHA's net resource available for spending at the end of the fiscal year. (Detailed on *Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balance*, page 24.)

- At the end of the fiscal year, combined fund balances amounted to \$44,507,648, of which \$36,363,105 is reserved for capital projects, a decrease of \$10,543,388 in comparison with the prior year's combined fund balance.
- The key factors in this decrease was the intergovernmental transfers of \$21,919,677 (page 21) which represents the transfer of the Homeless program (pursuant to a legislative order) to DHS, (see Footnote #7, page 54). Of the \$21,919,677 transfer, \$1,813,362 represents the Governmental Fund net assets transferred *Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances*, page 24) with the remaining balance of \$20,106,315 representing the capital assets related to this program (page 25).
- The remaining change is related to the net change is Capital Projects funds of approximately \$8,679,000, which consists of capital outlay of approximately \$12,773,000, net of current year appropriations of approximately \$4,094,000 (see *Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances*, page 24).

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- Housing Choice Voucher Program for the current year, approximately \$1.3 million (*Governmental Funds, Balance Sheet, page 22*) of HUD contributions have been recorded as deferred income. HUD contributions are paid based on budget of expected voucher payments. As such, HUD contributions in excess of housing assistance payments are reported as deferred income.

Proprietary funds

The HPHA's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- The combined net assets restricted by legislation and contractual agreement amounted to \$5,829,310 are related to restricted deposits and funded reserves. (Detailed on *Proprietary Funds, Statement of Net Assets, page 26*.)
- With the implementation of HUD's Asset Management and Project Based Budgeting, the HPHA established the Central Office Cost Center (COCC) fund to account for costs related to the general oversight of its housing projects and other indirect and administrative costs of the Authority. The COCC fund charges fees to the HPHA's various housing projects for administrative services and general oversight.
- Overall income before transfers amounted to approximately \$10,015,000 (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Assets, page 30*) compared with prior year amount of \$1,336,671. The change is primarily due to approximately \$4,007,000 of gains from the sale of Banyan Street Manor and the increase in HUD capital subsidies of \$6.7 million.

The COCC income before transfers decreased from \$1.0 million to a loss of \$487,291 (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Assets, page 30*). This is primarily due to the overall decrease in "Fee-for-service" of approximately \$1.7 million to \$5.9 million or 22.8%. The majority of the decrease is related to the decrease in capital fund management fee. The COCC received approximately \$11.3 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Assets, page 30*) of operating transfers compared with prior year transfers of \$586,802. Of this amount, \$7.3 million is from the sale of Banyan Street Manor and \$3.4 million is from the sale of KPT under the Federal Low Rent Program.

- Under the Federal Low Rent Program, net income before transfers amounted to approximately \$11.3 million with prior year net income of \$4,695,000. The total net variance was approximately \$6.6 million due to overall operating expenses decreased to \$694,424 from prior year to \$50.8 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Assets, page 29*). The majority of the decreases is related to a \$1.7 decrease in COCC management fee charges (*see related*

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- *decreased COCC revenues*). Also HUD capital subsidies increase by \$6.7 million from \$17.5 million to \$24.2 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Assets, page 30*).
- Housing Revolving Fund and Housing for Elderly was consistent with prior year, the rental income received for the two funds is not sufficient to support each of the fund's operational expenditures. Consequently, Housing Revolving fund and Housing for Elderly loss before transfer, amounted to \$1.5 million and \$2.2 million, respectively (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Assets, page 30*).
- Other Enterprise Funds income before transfers amounted to \$2,859,000 (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Assets, page 30*) compared with prior year loss of \$976,076. The increase in income is due to the gain from sale of Banyan Street Manor of \$4,007,463 (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Assets, page 30*). Additionally, there was an increase in interest expense of \$350,000 (and accrual balance) related to the Ke Kumu Ekahi project for amount owned under a lease agreement (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Assets, page 30*) under other. Ke Kumu Ekahi continues to operate at a deficit.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The HPHA's investment in capital assets for its governmental and business-type activities for the fiscal year ended June 30, 2011 is \$298,607,858 (*net of related debt*). This investment in capital assets includes land, buildings and improvements, equipment, furniture, and fixtures. (Detailed in *Notes to the Financial Statements, #5, page 51*.)

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HPHA Capital Assets Years ended June 30, 2011 and June 30, 2010 (In thousands of dollars)

	Governmental Activities		Business Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,373	\$ 2,373	\$ 22,966	\$ 22,966	\$ 25,339	\$ 25,339
Buildings and improvements	15,041	48,095	536,419	523,172	551,460	571,267
Equipment	1,198	1,198	9,721	9,767	10,919	10,965
Construction in progress	350	350	35,991	27,035	36,341	27,385
Total	18,962	52,016	605,097	582,940	624,059	634,956
Accumulated Depreciation	(13,527)	(26,165)	(311,924)	(301,007)	(325,451)	(327,776)
Total Capital Assets Net	\$ 5,435	\$ 25,851	\$ 293,173	\$ 281,933	\$ 298,608	\$ 307,180

Major capital asset events during the current fiscal year included the following:

Major Projects Outstanding FY2011 (work-in-progress) at the end of the year

- AMP 30 Puuwai Momi Electrical System repairs - \$2,035,515
- AMP 31 Kalihi Valley Homes Site & Dwelling Improvements - \$4,562,882
- AMP 32 Mayor Wright Homes Reroofing- \$256,020
- AMP 33 Kaahumanu Homes Reroofing - \$838,467
- AMP 34 Makua Alii Structural Investigation and Repairs - \$692,816
- AMP 34 Makua Alii Structural and Spall Repairs - \$2,174,814
- AMP 37 Lanakila Homes Design Major Modernization - \$681,289
- AMP 39 Kahekili Terrace Physical Improvements – 5,080,990
- AMP 39 Makani kai Hale Physical Improvements - \$1,651,765
- AMP 46 Hale Hauoli at Honokaa, Hawaii Painting, Re Roofing and Renovation- \$974,999
- AMP 50 Palolo Valley Homes Physical Improvements - \$1,887,824

Debt Activity

As of June 30, 2011, \$5,829,310 of cash was considered restricted. This was comprised of the following:

Replacement reserves and escrow accounts – HHA Wilikina Apartments \$5,829,310

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ECONOMIC FACTORS

During 2009 legislative session, S.B. bill No. 910 was enacted and requires the transfer of the functions and duties of the homeless programs branch of the Authority to the Department of Human Services effectively July 1, 2010. The impact of the transfer to the Authority's net assets was approximately \$22,000,000 and is included in intergovernmental transfers under governmental activities in the governmental-wide statement of activities. The HPHA, however, continues to hold title to the State owned shelter facilities and is working with the Department of the Attorney General to transfer those assets to the Department of Land and Natural Resources.

In May 2009, the Board of Directors authorized the sale of the Banyan Street Manor Apartments at 1122 Banyan Street, Honolulu, Hawaii. In January 2010, the HPHA entered into a Purchase Agreement with Banyan Housing Limited Partnership (LP) and issued escrow instructions for the sale. The sale was structured as a purchase of the improvements by Banyan Housing LP and the assumption of the ground lease issued by the City and County of Honolulu to the HPHA by Banyan Housing LP. On May 30, 2011 the sale of Banyan Street Manor closed and the HPHA received sale proceeds in the amount of \$6.6 million.

On August 20, 2009, the HPHA Board of Directors approved the selection of the Michaels Development Company to undertake a mixed finance redevelopment project at the Kuhio Park Terrace and Kuhio Homes(KPT/KH). On May 12, 2011 the sale of Kuhio Park Terrace closed and the HPHA received sale proceeds in the amount of \$3.1 million. During the next fiscal period, the HPHA will continue to redevelop the remaining parcel at Kuhio Park Terrace/Kuhio Homes in accordance with its Master Development Agreement.

During the 2011 Legislative session, the Hawaii State Legislature appropriated an unprecedented \$78 million in Capital Improvement Program Funds to the HPHA for capital repairs. The majority of these funds will be expended on capital assets of various activities over the next two fiscal periods.

On April 21, 2011, the plaintiffs Fetu Kolio, et al., filed two lawsuits in federal and state courts naming the State of Hawaii, et al., as defendant. The plaintiffs are residents of Mayor Wright Homes, a 364 public housing project built in 1953 and financed by HUD. In the federal action, the plaintiffs seek declaratory and injunctive relief and damages for alleged violations of the ADA, the Rehabilitation Act, and the Fair Housing Amendments. The plaintiffs' state court complaint alleges lack of hot water, vermin infestation, inadequate security. The plaintiffs seek class action status in both actions as well as statutory attorneys' fees.

In August 2009, Iris Rodrigues-Kaikana was murdered by Corbit Ahn at the Kamehameha Homes ("KH") in Kalihi. KH is operated by the Hawaii Public Housing Authority. Neither Iris, who was 18 years old,

Hawaii Public Housing Authority

Management Discussion and Analysis

June 30, 2011

or Ahn were residents at KH and may have visited residents of KH on the evening of the murder, although this has not been confirmed. The complaint alleges, among other things, that the State: failed to secure, properly monitor and light the premises; “encouraged hoodlums like Defendant Ahn to enter the premises”; removed gates to keep “gangsters” out; “ allowed sexual predators onto the premises”; and refused to enforce a curfew for hoodlums. The case is presently in the Court Annexed Arbitration Program.

CONTACT INFORMATION

This financial report is designed to provide a general overview of the HPHA’s finances for all those with an interest in the HPHA’s finances. If you have any questions about this report or need additional financial information, contact the Office of the Executive Director, Hawaii Public Housing Authority 1002 North School Street, Honolulu, HI 96817.

Hawaii Public Housing Authority

GOVERNMENT-WIDE
STATEMENT OF NET ASSETS

June 30, 2011

ASSETS			
	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash	\$ 6,602,697	\$ 46,597,252	\$ 53,199,949
Due from State of Hawaii	40,623,041	-	40,623,041
Receivables:			
Accrued interest	-	148,075	148,075
Tenant receivables, less allowance for doubtful receivables of \$5,063,076	-	452,149	452,149
Other	139,503	30,339	169,842
	<u>139,503</u>	<u>630,563</u>	<u>770,066</u>
Internal balances	245,452	(245,452)	-
Due from other state agencies	-	559,541	559,541
Due from HUD	309,127	5,289,360	5,598,487
Inventories	-	911,585	911,585
Prepaid expenses and other assets	1,722,971	5,500	1,728,471
Deposits held in trust	-	39,373	39,373
	<u>49,642,791</u>	<u>53,787,722</u>	<u>103,430,513</u>
Total current assets			
Note Receivable	-	1,878,935	1,878,935
Accrued Interest	-	594,410	594,410
Restricted Deposits and Funded Reserves	-	5,829,310	5,829,310
Capital Assets, less accumulated depreciation	5,435,291	293,172,567	298,607,858
	<u>\$ 55,078,082</u>	<u>\$ 355,262,944</u>	<u>\$ 410,341,026</u>
Total assets			

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The accompanying notes are an integral part of this statement.

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Hawaii Public Housing Authority

GOVERNMENT-WIDE
STATEMENT OF NET ASSETS (continued)

June 30, 2011

LIABILITIES AND NET ASSETS

	Governmental Activities	Business-type Activities	Total
Current Liabilities:			
Accounts payable	\$ 3,203,038	\$ 4,530,927	\$ 7,733,965
Accrued expenses	535,876	3,039,913	3,575,789
Due to State of Hawaii	-	571,402	571,402
Due to HUD	40	-	40
Security deposits	-	809,557	809,557
Deferred income	1,396,189	348,844	1,745,033
Total current liabilities	5,135,143	9,300,643	14,435,786
Accrued Expenses	137,191	8,558,059	8,695,250
Commitments and Contingencies			
Net Assets:			
Invested in capital assets, net of related debt	5,435,291	293,172,567	298,607,858
Restricted by legislation and contractual agreements	3,983,800	5,829,310	9,813,110
Assigned	40,386,657	38,402,365	78,789,022
Total net assets	49,805,748	337,404,242	387,209,990
Total liabilities and net assets	\$ 55,078,082	\$ 355,262,944	\$ 410,341,026

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The accompanying notes are an integral part of this statement.

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Hawaii Public Housing Authority

GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

Functions/Programs:	Program Revenues			Net (expense) revenue and changes in net assets*		
	Expenses	Charges for services and other revenues	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities
Governmental activity --						
Rental Housing and Assistance Program	\$ 61,855,713	\$ -	\$ 48,409,001	\$ -	\$ (13,446,712)	\$ -
Total governmental activities	61,855,713	-	48,409,001	-	(13,446,712)	-
Business-type activities:						
Rental assistance program	50,870,004	16,056,901	21,951,172	24,242,031	-	11,380,100
Rental housing program	8,636,666	3,787,986	461,305	-	-	(4,387,375)
Others	1,538,373	597,294	-	-	-	(941,079)
Total business-type activities	61,045,043	20,442,181	22,412,477	24,242,031	-	6,051,646
Total government-wide	\$ 122,900,756	\$ 20,442,181	\$ 70,821,478	\$ 24,242,031	(13,446,712)	(7,395,066)
State Allotted Appropriations, net of lapsed funds of \$690,489					9,273,576	9,273,576
Other Non-Program Revenue					-	3,993,199
Capital Contributions					-	12,716,254
Net Transfers					(4,798,396)	4,798,396
Intergovernmental Transfer					(21,919,677)	-
Total general revenues and transfers					(17,444,497)	21,507,849
Change in net assets					(30,891,209)	27,559,495
Net Assets at July 1, 2010					80,696,957	309,844,747
Net Assets at June 30, 2011					\$ 49,805,748	\$ 337,404,242
					\$	\$ 387,209,990

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

GOVERNMENTAL FUNDS
BALANCE SHEET

June 30, 2011

ASSETS

	General	Capital Projects	Housing Choice Voucher	Section 8 Contract Administration	Other Funds	Total Governmental Funds
Current Assets:						
Cash	\$ -	\$ -	\$ 5,379,989	\$ 1,222,668	\$ 40	\$ 6,602,697
Due from State of Hawaii	1,333,901	39,289,140	-	-	-	40,623,041
Other receivables	-	-	139,503	-	-	139,503
Due from other funds	137,841	-	301,769	715,689	-	1,155,299
Due from HUD	-	-	-	299,920	9,207	309,127
Prepaid expenses and other assets	56,769	-	1,666,202	-	-	1,722,971
Total assets	\$ 1,528,511	\$ 39,289,140	\$ 7,487,463	\$ 2,238,277	\$ 9,247	\$ 50,552,638

LIABILITIES AND FUND BALANCES

Current Liabilities:						
Accounts payable	\$ 276,992	\$ 2,926,035	\$ -	\$ 11	\$ -	\$ 3,203,038
Accrued expenses	11,810	-	248,370	275,696	-	535,876
Due to other funds	48,778	-	630,179	221,683	9,207	909,847
Deferred income	-	-	1,396,189	-	-	1,396,189
Due to HUD	-	-	-	-	40	40
Total liabilities	337,580	2,926,035	2,274,738	497,390	9,247	6,044,990
Fund Balances - Unrestricted						
Restricted by legislation and contractual agreements	-	-	3,983,800	-	-	3,983,800
Assigned	1,190,931	36,363,105	1,228,925	1,740,887	-	40,523,848
Total fund balances	1,190,931	36,363,105	5,212,725	1,740,887	-	44,507,648
Total liabilities and fund balances	\$ 1,528,511	\$ 39,289,140	\$ 7,487,463	\$ 2,238,277	\$ 9,247	\$ 50,552,638

Hawaii Public Housing Authority

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS

June 30, 2011

Total fund balance - governmental funds		\$	44,507,648
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	5,435,291		
Long-term compensated absences are not due and payable in the current period and therefore are not reported in the funds	<u>(137,191)</u>		<u>5,298,100</u>
Net assets of governmental activities		\$	<u>49,805,748</u>

The accompanying notes are an integral part of this statement.

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Hawaii Public Housing Authority

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year ended June 30, 2011

	General	Capital Projects	Housing Choice Voucher	Section 8 Contract Administration	Other Funds	Total Governmental Funds
Revenues:						
Intergovernmental - HUD annual contributions and others	\$ -	\$ -	\$ 21,347,287	\$ 26,879,928	\$ 143,998	\$ 48,371,213
State allotted appropriations, net of lapsed funds of \$690,489	5,179,140	4,094,436	-	-	-	9,273,576
Other	-	-	33,956	114	-	34,070
Total revenues	<u>5,179,140</u>	<u>4,094,436</u>	<u>21,381,243</u>	<u>26,880,042</u>	<u>143,998</u>	<u>57,678,859</u>
Expenditures:						
Housing assistance payments	725,279	-	19,362,135	25,155,731	-	45,243,145
Personnel services	62,422	-	1,141,723	-	-	1,204,145
Administration	18,974	-	840,966	1,209,676	78,998	2,148,614
Professional services	24,570	-	45,911	38,763	-	109,244
Security	240	-	803	-	-	1,043
Repairs and maintenance	1,781	-	-	-	-	1,781
Insurance	-	-	3,885	-	-	3,885
Capital outlays	-	12,773,703	-	-	-	12,773,703
Other	-	494	-	-	-	73,096
Total expenditures	<u>848,539</u>	<u>12,774,197</u>	<u>21,452,752</u>	<u>26,404,170</u>	<u>78,998</u>	<u>61,558,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,330,601</u>	<u>(8,679,761)</u>	<u>(71,509)</u>	<u>475,872</u>	<u>65,000</u>	<u>(3,879,797)</u>
Nonoperating Expenditure - Interest Income	-	-	3,718	-	-	3,718
Intergovernmental Transfer	(1,813,362)	-	-	-	-	(1,813,362)
Other Financing (Uses) Sources - Transfers (Out) In	<u>(4,566,482)</u>	<u>(264,897)</u>	<u>97,983</u>	<u>-</u>	<u>(65,000)</u>	<u>(4,798,396)</u>
Net change in fund balances	<u>(2,049,243)</u>	<u>(8,944,658)</u>	<u>30,192</u>	<u>475,872</u>	<u>-</u>	<u>(10,487,837)</u>
Fund Balances at July 1, 2010	<u>3,240,174</u>	<u>45,307,763</u>	<u>5,182,533</u>	<u>1,265,015</u>	<u>-</u>	<u>54,995,485</u>
Fund Balances at June 30, 2011	<u>\$ 1,190,931</u>	<u>\$ 36,363,105</u>	<u>\$ 5,212,725</u>	<u>\$ 1,740,887</u>	<u>\$ -</u>	<u>\$ 44,507,648</u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

RECONCILIATION OF THE CHANGE IN FUND
BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2011

Net change in fund balances - total governmental funds		\$ (10,487,837)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those governmental activities assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense of those governmental activity assets amounted to approximately \$309,000.	(309,181)	
Intergovernmental transfers, capital related items	(20,106,315)	
Long-term compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	<u>12,124</u>	<u>(20,403,372)</u>
Change in net assets of governmental activities		<u>\$ (30,891,209)</u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

June 30, 2011

ASSETS	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Current Assets:							
Cash	\$ 23,992,451	\$ 312,713	\$ 1,704,741	\$ 15,169,956	\$ 4,127,281	\$ 45,307,142	\$ 1,290,110
Receivables:							
Accrued interest	-	-	51,850	-	62,231	114,081	33,994
Tenant receivables, less allowance for doubtful accounts of \$5,063,076	372,179	35,985	1,906	-	42,079	452,149	-
Other	-	7,785	2,664	-	19,890	30,339	-
	372,179	43,770	56,420	-	124,200	596,569	33,994
Due from other funds	-	548,558	618,320	10,038,396	1,136,149	12,341,423	116,747
Due from other state agencies	-	-	-	284,704	274,837	559,541	-
Due from HUD	5,063,255	-	-	-	226,105	5,289,360	-
Inventory	765,443	27,499	92,291	26,352	-	911,585	-
Prepaid expenses and other assets	-	-	-	5,500	-	5,500	-
Deposits held in trust	-	-	-	-	39,373	39,373	-
Total current assets	30,193,328	932,540	2,471,772	25,524,908	5,927,945	65,050,493	1,440,851
Note Receivable	1,452,835	426,100	-	-	-	1,878,935	-
Accrued Interest	-	594,410	-	-	-	594,410	-
Restricted Deposits and Funded Reserves	-	-	-	-	5,829,310	5,829,310	-
Capital Assets, less accumulated depreciation	220,968,656	19,469,785	38,651,840	75,775	14,001,960	293,168,016	4,551
Total assets	\$ 252,614,819	\$ 21,422,835	\$ 41,123,612	\$ 25,600,683	\$ 25,759,215	\$ 366,521,164	\$ 1,445,402

Hawaii Public Housing Authority
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS (continued)
 June 30, 2011

LIABILITIES AND NET ASSETS

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Current Liabilities:							
Accounts payable	\$ 4,002,748	\$ 51,503	\$ 162,468	\$ 46,848	\$ 267,360	\$ 4,530,927	\$ -
Accrued expenses	1,313,787	52,979	11,288	631,670	1,030,189	3,039,913	-
Due to other funds	6,787,677	477,402	213,578	602,620	4,561,905	12,643,182	60,440
Due to State of Hawaii	-	-	-	-	571,402	571,402	-
Due to HUD	-	-	-	-	-	-	-
Security deposits	585,990	38,451	134,278	-	50,838	809,557	-
Deferred income	313,047	35,797	-	-	-	348,844	-
Total current liabilities	13,003,249	656,132	521,612	1,281,138	6,481,694	21,943,825	60,440
Accrued Expenses	910,368	65,369	-	7,582,322	-	8,558,059	-
Commitments and Contingencies	-	-	-	-	-	-	-
Net Assets:							
Invested in capital assets, net of related debt	220,968,656	19,469,785	38,651,840	75,775	14,001,960	293,168,016	4,551
Restricted by legislation and contractual agreements	-	-	-	-	5,829,310	5,829,310	-
Assigned	17,732,546	1,231,549	1,950,160	16,661,448	(553,749)	37,021,954	1,380,411
Total net assets	238,701,202	20,701,334	40,602,000	16,737,223	19,277,521	336,019,280	1,384,962
Total liabilities and net assets	\$ 252,614,819	\$ 21,422,835	\$ 41,123,612	\$ 25,600,683	\$ 25,759,215	\$ 366,521,164	\$ 1,445,402

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Hawaii Public Housing Authority

**RECONCILIATION OF THE PROPRIETARY FUNDS NET ASSETS
TO THE STATEMENT OF NET ASSETS**

June 30, 2011

Total net assets of enterprise funds	\$ 336,019,280
Amounts reported for business-type activities in the statement of net assets are different because internal service fund assets and liabilities are included with business-type activities	<u>1,384,962</u>
Net assets of business-type activities	<u><u>\$ 337,404,242</u></u>

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The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year ended June 30, 2011

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Eliminating Entries	Total Enterprise Funds	Internal Service Funds
Operating Revenues:								
Rental	\$ 15,888,752	\$ 1,001,046	\$ 1,991,553	\$ -	\$ 1,127,206	\$ -	\$ 20,008,557	\$ 10,495
Fee-for-service	-	-	-	5,911,401	-	(5,911,401)	-	-
Other	266,685	27,544	61,942	23,788	39,188	-	419,147	-
Total operating revenues	16,155,437	1,028,590	2,053,495	5,935,189	1,166,394	(5,911,401)	20,427,704	10,495
Operating Expenses:								
Project	7,177,431	-	-	-	-	-	7,177,431	-
Personnel services	8,584,899	717,044	-	5,318,823	-	-	14,620,766	-
Depreciation	11,158,502	490,385	1,399,776	8,030	1,015,869	-	14,072,562	10,241
Administration	5,657,921	292,702	1,140,850	638,902	798,005	(5,431,479)	3,096,901	10,495
Provision for losses	628,302	37,227	112	-	26,148	-	691,789	-
Professional services	605,590	31,442	22,866	197,851	75,207	-	932,956	2,639
Security	1,413,208	-	512	10,843	-	-	1,424,563	-
Insurance	576,588	29,959	128,127	27,825	25,935	-	788,434	-
Repairs and maintenance	3,352,688	230,749	463,154	110,018	344,329	(479,922)	4,021,016	-
Utilities	11,714,875	748,219	1,125,629	112,138	476,027	-	14,176,888	-
Capital expenditures	-	-	-	18,362	-	-	18,362	-
Total operating expenses	50,870,004	2,577,727	4,281,026	6,442,792	2,761,520	(5,911,401)	61,021,668	23,375
Operating (loss) income carried forward	(34,714,567)	(1,549,137)	(2,227,531)	(507,603)	(1,595,126)	-	(40,593,964)	(12,880)

Hawaii Public Housing Authority

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (continued)

Year ended June 30, 2011

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Eliminating Entries	Total Enterprise Funds	Internal Service Funds
Operating (loss) income brought forward	(34,714,567)	(1,549,137)	(2,227,531)	(507,603)	(1,595,126)	-	(40,593,964)	(12,880)
Nonoperating Revenues (Expenses):								
Interest income (expense)	44,414	16,937	22,899	67,429	(401,358)	-	(249,679)	42,370
Gain on sale of Project	-	-	-	-	4,007,463	-	4,007,463	-
HUD operating subsidy and others	46,193,203	-	-	-	461,305	-	46,654,508	-
State allotted appropriation	-	-	-	-	-	-	-	-
Other (expenses) revenues	(142,950)	-	-	(47,117)	387,094	-	197,027	-
Net nonoperating revenues	46,094,667	16,937	22,899	20,312	4,454,504	-	50,609,319	42,370
Income (loss) before transfers	11,380,100	(1,532,200)	(2,204,632)	(487,291)	2,859,378	-	10,015,355	29,490
Capital Contributions	8,376,472	3,490,393	849,389	-	-	-	12,716,254	-
Net Operating Transfers	(825,645)	627,502	1,015,765	11,339,122	(7,358,348)	-	4,798,396	-
Change in net assets	18,930,927	2,385,695	(339,478)	10,851,831	(4,498,970)	-	27,430,005	29,490
Net Assets at July 1, 2010	219,770,275	18,115,639	40,941,478	5,885,392	23,776,491	-	308,489,275	1,355,472
Net Assets at June 30, 2011	\$ 238,701,202	\$ 20,701,334	\$ 40,602,000	\$ 16,737,223	\$ 19,277,521	\$ -	\$ 336,019,280	\$ 1,384,962

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

RECONCILIATION OF THE CHANGE IN NET ASSETS
OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2011

Change in net assets - total enterprise funds	\$ 27,530,005
Change in net assets - internal service fund	<u>29,490</u>
Change in net assets of business-type activities	<u>\$ 27,559,495</u>

Hawaii Public Housing Authority
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

Year ended June 30, 2011

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:							
Cash received from renters	\$ 15,176,860	\$ 972,970	\$ 1,978,036	\$ -	\$ 1,103,360	\$ 19,231,226	\$ -
Cash payments to employees	(9,086,394)	(702,052)	-	-	-	(9,790,446)	-
Cash payments to suppliers	(26,214,198)	(1,362,719)	(2,847,109)	(1,073,415)	(1,709,315)	(33,206,756)	-
Cash receipts from (payments to) other funds	2,695,079	415,009	336,728	(735,814)	110,510	2,821,512	932
Other cash receipts (payments)	266,685	19,759	59,926	25,923	33,297	405,590	(5,264)
Net cash used in operating activities	(17,163,968)	(657,033)	(472,419)	(1,783,306)	(462,148)	(20,538,874)	(4,332)
Cash Flows from Noncapital Financing Activities:							
HUD operating subsidy and others received	26,134,939	-	-	-	370,398	26,505,337	-
Cash payments to other state agencies	-	-	-	-	(38,671)	(38,671)	-
Net operating transfers	(3,446,273)	438,477	744,936	10,819,350	(7,990,487)	566,003	-
Other	(142,950)	(103)	-	(47,117)	97,261	(92,909)	-
Net cash provided by (used in) noncapital financing activities	22,545,716	438,374	744,936	10,772,233	(7,561,499)	26,939,760	-
Cash Flows from Capital and Related Financing Activities:							
HUD capital subsidy received	20,143,842	-	-	-	-	20,143,842	-
Net proceeds from sale of Project	3,162,943	-	-	-	6,690,547	9,853,490	-
Principal payments on mortgage loans	-	-	-	-	(109,028)	(109,028)	-
Interest payments	-	-	-	-	(4,674)	(4,674)	-
Payments for acquisition of property and equipment	(22,091,602)	-	-	-	-	(22,091,602)	-
Deposits in restricted deposits and funded reserves	-	-	-	-	(55,435)	(55,435)	-
Release of restricted deposits and funded reserves	-	-	-	-	1,395,508	1,395,508	-
Other	384,041	-	-	-	-	384,041	-
Net cash provided by capital and related financing activities	1,599,224	-	-	-	7,916,918	9,516,142	-
Subtotal carried forward	6,980,972	(218,659)	272,517	8,988,927	(106,729)	15,917,028	(4,332)

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (continued)

Year ended June 30, 2011

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Subtotal brought forward	6,980,972	(218,659)	272,517	8,988,927	(106,729)	15,917,028	(4,332)
Cash Flows from Investing Activity --							
Receipts of Interest	44,414	-	26,322	67,429	-	138,165	44,526
Net cash provided by investing activities	44,414	-	26,322	67,429	-	138,165	44,526
Net increase (decrease) in cash	7,025,386	(218,659)	298,839	9,056,356	(106,729)	16,055,193	40,194
Cash at July 1, 2010	16,967,065	531,372	1,405,902	6,113,600	4,234,010	29,251,949	1,249,916
Cash at June 30, 2011	\$ 23,992,451	\$ 312,713	\$ 1,704,741	\$ 15,169,956	\$ 4,127,281	\$ 45,307,142	\$ 1,290,110

The accompanying notes are an integral part of this statement.

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Hawaii Public Housing Authority

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (continued)

Year ended June 30, 2011

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities							
Reconciliation of operating (loss) income to net cash provided by operating activities	\$ (34,714,567)	\$ (1,549,137)	\$ (2,227,531)	\$ (507,603)	\$ (1,595,126)	\$ (40,593,964)	\$ (12,880)
Operating loss	11,158,502	490,385	1,399,776	8,030	1,015,869	14,072,562	10,241
Adjustments to reconcile operating loss to net cash used in operating activities	628,302	37,227	112	-	26,148	691,789	-
Depreciation	(658,887)	(45,536)	(2,018)	-	(36,590)	(743,031)	-
Provision for losses	-	(7,785)	(2,016)	2,135	(14,322)	(21,988)	-
Changes in assets and liabilities:	2,695,079	321,831	341,107	(4,138,124)	(580,847)	(1,360,954)	(234)
Tenant receivables	-	-	-	10,040	-	10,040	-
Due from other funds	-	-	-	-	-	-	-
Due from other state agency	-	-	-	-	-	-	-
Due from HUD	(23,815)	(5,055)	(1,574)	3,276	-	(27,168)	-
Inventories	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	-	-	-	-
Deposits held in trust	42,574	-	-	-	14,292	14,292	-
Accounts payable	221,596	(24,593)	35,382	39,248	(862)	91,749	-
Other accrued expenses	3,540,253	14,992	221	2,197,072	19,481	2,453,362	-
Due to other funds	-	93,178	(4,379)	602,620	691,357	4,923,029	(1,459)
Due to HUD	(94,017)	3,784	(11,499)	-	-	(101,058)	-
Security deposits	41,012	13,676	-	-	674	52,466	-
Deferred income	-	-	-	-	(2,222)	-	-
Net cash used in operating activities	\$ (17,163,968)	\$ (657,033)	\$ (472,419)	\$ (1,783,306)	\$ (462,148)	\$ (20,538,874)	\$ (4,332)

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The accompanying notes are an integral part of this statement.

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Hawaii Public Housing Authority

FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2011

		Private Purpose Trust
		<hr/>
ASSET		
Cash		\$ 1,655
		<hr/>
NET ASSETS		
Total Net Assets - Held in Trust		\$ 1,655
		<hr/>

The accompanying notes are an integral part of this statement.

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Hawaii Public Housing Authority

**FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

Year ended June 30, 2011

	<u>Private Purpose Trust</u>
Deductions - Reversion of Funds to Office of Hawaiian Affairs	\$ (421,414)
Net Assets at July 1, 2010	<u>423,069</u>
Net Assets at June 30, 2011	<u>\$ 1,655</u>

The accompanying notes are an integral part of this statement.

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Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

1. Organization and Significant Accounting Policies

a. General

Act 196, SLH 2005, as amended by Act 180, SLH 2006, created the Hawaii Public Housing Authority (the Authority).

The Authority's mission is to provide safe, decent and sanitary dwelling for low and moderate income residents of Hawaii and to operate its housing program in accordance with federal and state of Hawaii laws and regulations.

For financial reporting purposes, the Authority includes all funds that are controlled by or dependent on the Authority's Board of Directors. Control by or dependence on the Authority was determined on the basis of statutory authority and monies flowing through the Authority to each fund. The Authority is a component unit of the State of Hawaii.

The financial statements of the Authority are intended to present the financial position, changes in financial position, and cash flows where applicable, of only that portion of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the State of Hawaii that is attributable to the transactions of the Authority. They do not purport to, and do not, present fairly the financial position of the State of Hawaii as of June 30, 2011, and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. The State Comptroller maintains the central accounts for all State funds and publishes financial statements for the State annually, which include the Authority's financial activities.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements, the statement of net assets and the statement of activities, report information of all of the non-fiduciary activities of the Authority. Governmental activities, which normally are supported by State allotments and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

1. Organization and Significant Accounting Policies (continued)

b. Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function.

Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. State allotments and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than program revenues. The Authority employs an indirect cost allocation system.

Net assets are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first then unrestricted resources as they are needed.

The fund financial statements are provided for governmental funds, proprietary funds and fiduciary fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are summarized into a single column. The Authority's fiduciary fund is presented in the fund financial statements. Since by definition their assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities as obligations of the government, their funds are not incorporated into the government-wide statements.

c. Measurement Focus and Basis of Accounting

i. Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

1. Organization and Significant Accounting Policies (continued)

c. Measurement Focus and Basis of Accounting (continued)

ii. Governmental Fund Financial Statements

The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. In applying the susceptible to accrual concept to intergovernmental revenues, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when applicable requirements, including timing requirements are met.

Principal revenue sources considered susceptible to accrual include federal grants and rental income. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the State's present appropriation system. These revenues have been accrued in accordance with generally accepted accounting principles since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the Authority.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include employees' vested vacation and other post-retirement benefits, which are recorded as expenditures when utilized or paid. The amount of indebtedness related to accumulated vacation and other post-retirement benefits at June 30, 2011 has been reported in the government-wide financial statements.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

1. Organization and Significant Accounting Policies (continued)

c. Measurement Focus and Basis of Accounting (continued)

iii. Proprietary Funds and Fiduciary Fund

The financial statements of proprietary funds and the fiduciary fund are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

Each proprietary fund has the option under GASB Statement 20, Accounting and Financial Reporting for Proprietary funds and Other Governmental Entities that Use Proprietary Fund Accounting, to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The Authority has elected to not apply FASB statements after the applicable date.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the Authority's enterprise funds is rental income. Federal grants are reported as nonoperating income.

d. Fund Accounting

The financial activities of the Authority are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Authority uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate the legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

GASB Statement 34 sets forth minimum criteria for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

1. Organization and Significant Accounting Policies (continued)

d. Fund Accounting (continued)

i. Governmental Funds

General Fund – The general fund is the general operating fund of the Authority. It is used to account for all financial activities except those required to be accounted for in another fund. This fund includes the Rent Housing and Assistance Program. The annual operating budget as authorized by the State Legislature provides the basic framework within which the resources and obligations of the general fund are accounted.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. These funds include Section 8 Housing Choice Voucher Program, Contract Administration, Residential Opportunities Self-Sufficient Programs (ROSS), and Economic Development Initiative Special Project Grant Boys and Girls Club of Hawaii (Boys and Girls Club).

Capital Projects Fund – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund type).

The Authority reports the following major governmental funds:

- General Fund
- Capital Projects Fund
- Housing Choice Voucher Program – accounts for federal contributions for housing assistance payments under the Housing Choice Voucher Program.
- Section 8 Contract Administration – accounts for federal contributions primarily for housing payments under the Project-Based Section 8 Program.

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2011

1. Organization and Significant Accounting Policies (continued)

d. Fund Accounting (continued)

ii. Proprietary Funds

Enterprise Funds – These funds account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to customers, or where sound financial management dictates that periodic determinations of results of operations are appropriate.

The enterprise funds include the Federal Low Rent Fund, Housing Revolving Fund, Housing for Elders Revolving Fund, Central Office Cost Center Fund and other funds. The other funds include the Banyan Street Manor Project, Wilikina Apartments Project, Kekumu at Waikoloa Project, Disbursing Fund and Kuhio Park Terrace (KPT) Resource Center.

Internal Service Funds – These funds account for those activities, which provide goods or services primarily to the Authority, rather than to external parties. In the government-wide statements, internal service funds are included with business-type activities. These funds include the Equipment Rental Fund and Vehicle Rental Fund.

The Authority reports the following as major proprietary funds:

Federal Low-Rent Program accounts for the proceeds from federal contributions for the development of rental property and rental income and federal operating subsidies from such properties.

Housing Revolving Fund accounts for various state multifamily housing projects located throughout the State of Hawaii.

Housing for Elders Revolving Fund accounts for various state elderly housing projects located throughout the State of Hawaii.

Central Office Cost Center Fund was established to account for costs related to the general oversight of its housing projects and other indirect and administrative costs of the Authority. The fund charges fees to the Authority's various housing projects for such services. In addition to the fee income to operate the public housing programs, the Authority also earns fees from its other federal and state programs. The fee income earned by the fund is considered to be de-federalized.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

1. Organization and Significant Accounting Policies (continued)

d. Fund Accounting (continued)

iii. Fiduciary Fund

The private-purpose trust fund accounts for net assets held in a trustee capacity for others.

e. HUD Subsidized Programs

The Federal Low-Rent Program Fund operates under HUD's Annual Contribution Contract and consists of the operations of low-rent housing properties. The purpose of the program is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained and managed by the Authority. The properties are acquired, developed and modernized under HUD's comprehensive grant programs. Funding for the properties is provided by federal operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition).

The Section 8 Programs consists of the Housing Choice Voucher Program Fund and the Section 8 Contract Administration Fund. The Housing Choice Voucher Program Fund provides rental housing assistance subsidies to qualified participants. The purpose of the program is to assist low-income families, the elderly and the disabled to afford decent, safe and sanitary housing in the private market. Federal housing assistance is provided on behalf of the family or individuals and is paid directly to the landlord directly by the Authority. The family or individual is responsible for finding a suitable housing unit in which the landlord agrees to rent under the program. The Section 8 Contract Administration Fund administers non-Authority owned housing units used for low-income housing. HUD provides a contracted dollar amount to the Authority, which is used to provide rental payment assistance to landlords.

f. Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities in the government-wide financial statements and proprietary funds financial statements. Capital assets are defined by the Authority as land and those assets with estimated useful lives greater than one year and with an acquisition cost greater than:

Land improvements	\$ 100,000
Building and building improvements	\$ 100,000
Equipment	\$ 5,000

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

1. Organization and Significant Accounting Policies (continued)

f. Capital Assets (continued)

Purchased and constructed capital assets are valued at cost. Donated assets are recorded at their fair market value at the date of donation.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements.

Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary funds financial statements. The Authority utilizes the straight-line method over the assets' estimated useful life. No depreciation is recorded for land and land improvements. Generally, the useful lives are as follows:

	<u>Governmental Activities</u>	<u>Proprietary Fund and Business-type Activities</u>
Building and building improvements	25 years	10 – 40 years
Equipment	7 years	1 – 10 years

g. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of the statement of cash flows – proprietary funds, include all cash and investments with original purchased maturities of three months or less.

h. Inventories

In the governmental funds, the cost of inventories is recorded as an expenditure when consumed.

i. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

1. Organization and Significant Accounting Policies (continued)

j. HUD Annual Contributions

The Authority receives annual contributions and subsidies from HUD for operating the Authority's housing assistance payment programs and the development and operation of low-income housing projects. The Authority also receives annual subsidies from HUD for housing assistance payments and operating deficits incurred in the operation of the programs. Annual subsidies recorded in the proprietary fund types are recognized as nonoperating revenue when realized and earned and are accounted for in the statement of revenues, expenses and changes in fund net assets – proprietary funds as HUD operating subsidy.

k. Vacation

Employees are credited with vacation at a rate of 168 hours per calendar year. Accumulation of such vacation credits is limited to 720 hours at calendar year end and is convertible to pay upon termination of employment. Liabilities for accumulated unpaid vacation are accrued at the end of each accounting period utilizing current salary rates. Such vacation credits are recorded as accrued wages and employee benefits payable in the government-wide and the enterprise funds financial statements at the balance sheet date. Accumulated unpaid vacation estimated to be used or paid during the next year is approximately \$650,000.

The change in accumulated unpaid vacation during the year is approximately as follows:

<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2011</u>
<u>\$2,172,000</u>	<u>\$1,193,000</u>	<u>\$1,051,000</u>	<u>\$2,314,000</u>

As of June 30, 2011, approximately \$191,000 and \$2,123,000 of the unpaid vacation balance was for government-wide activities and business-type activities, respectively, and is included in accrued expenses in the accompanying balance sheets.

l. Allocated Costs

The Authority provides certain administrative services to its various funds. The cost of these services is allocated to the funds based on estimates of benefits provided to the funds.

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2011

1. Organization and Significant Accounting Policies (continued)

m. Reservations of Fund Balances

The general and capital projects fund balances are reserved for continuing appropriations, which are comprised of encumbrances and unencumbered allotment balances. Encumbrances represent outstanding commitments, which generally are liquidated in the subsequent fiscal year.

Unencumbered allotment balances represent amounts that have been released and made available for encumbrance or expenditure and are legally segregated for a specific future use.

n. Risk Management

Liabilities related to certain types of losses (including torts, theft of, damage to, or destruction of assets, errors or omissions, natural disasters and injuries to employees) are reported when it is probable that the losses have occurred and the amount of those losses can be reasonably estimated.

o. Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Significant estimates and assumptions include the valuation for accounts receivable and the liability of other post employee benefits. Actual results could differ from those estimates.

p. Recently Adopted Accounting Pronouncements

In 2009, the Authority adopted Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes standards of accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specially defined classifications and clarifies definitions for governmental fund types. This Statement is effective for financial statement periods beginning after June 15, 2010. The adoption of GASB Statement No. 54 did not have an impact on the Authority's financial position or results of operations.

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2011

2. Budgeting and Budgetary Control

The budget of the Authority is a detailed operating plan identifying estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, services and activities to be provided during the fiscal year, (2) the estimated revenues available to finance the operating plan, and (3) the estimated spending requirements of the operating plan. The budget represents a process through which financial policy decisions are made, implemented and controlled. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated throughout the fiscal year. Amounts reflected as budgeted revenues in the accompanying required supplementary information – budgetary comparison schedule are estimates as compiled by the Authority and reviewed by the Department of Budget and Finance. Budgeted expenditures are derived primarily from acts of the State Legislature and from other authorizations contained in the State Constitution, the Hawaii Revised Statutes and other specific appropriation acts in various Session Laws of Hawaii.

Expenditures of these appropriated funds are made pursuant to the appropriations in the biennial budget as amended by subsequent supplemental appropriations. Budgetary control is maintained at the departmental level. Budget revisions and interdepartmental transfers may be affected with certain executive and legislative branch approvals.

The general fund and certain special revenue funds have legally appropriated annual budgets. The final legally adopted budget in the accompanying required supplementary information – budgetary comparison schedule represent the original appropriations, transfers and other legally authorized legislative and executive changes.

To the extent not expended or encumbered, general fund and special revenue funds appropriations generally lapse at the end of the fiscal year or grant period for which the appropriations were made. The State Legislature or federal government specifies the lapse dates and any other contingencies that may terminate the authorization for other appropriations. Known lapses occurring in the year of appropriation, if any, are included in the amended budgets, and are netted against revenues in the accompanying required supplementary information – budgetary comparison schedule.

A comparison of both the original budget and the final budget to the actual revenues and expenditures of the general and certain special revenue funds are presented in the accompanying required supplementary information – budgetary comparison schedule. Differences between revenues and expenditures reported on the budgetary basis and those reported in accordance with GAAP are mainly due to revenues and expenditures of unbudgeted funds and the different methods used to recognize resource uses. For budgeting purposes, resource uses are recognized when cash disbursements are made or funds are encumbered.

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2011

2. Budgeting and Budgetary Control (continued)

For financial statements presented in accordance with GAAP, expenditures are recognized when incurred and encumbrances are not reported as resources used.

A summation of the differences between revenues and expenditures reported on the budgetary basis and those reported in accordance with GAAP for the general and certain special revenue funds for the year ended June 30, 2011 is set forth in the required supplementary information.

3. Cash

The State maintains a cash pool that is available to all funds. The Director of Finance is responsible for the safekeeping of all monies paid into the State Treasury. The Director of Finance may invest any monies of the State, which in the Director's judgment are in excess of the amounts necessary for meeting the immediate requirements of the State. Cash is pooled with funds from other State agencies and departments and deposited with approved financial institutions or invested in the State Treasury Investment Pool. Cash accounts that participate in the investment pool accrue interest based on the average weighted cash balances of each account.

The State requires that the depository banks pledge, as collateral, government securities held in the name of the State for deposits not covered by federal deposit insurance.

At June 30, 2011, total cash reported in the statement of net assets is \$53,239,322 which consisted of the following:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
State pool and petty cash	\$ -	\$ 6,598,912	\$ 6,598,912
Cash in bank (book balance)	<u>6,602,697</u>	<u>39,998,340</u>	<u>46,601,037</u>
	<u>6,602,697</u>	<u>46,597,252</u>	<u>53,199,949</u>
Deposits held in trust	<u>-</u>	<u>39,373</u>	<u>39,373</u>
Total Cash	<u>\$ 6,602,697</u>	<u>\$ 46,636,625</u>	<u>\$ 53,239,322</u>

During 2011, the Authority recorded a valuation gain of approximately \$113,000 for its State pool cash balances included in interest income. The valuation adjustment relates primarily to the State of Hawaii auction rate securities.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

3. Cash (continued)

Bank balance of cash in bank was approximately \$43,932,000, of which \$771,000 was covered by federal depositary insurance and \$43,161,000 by collateral held by the pledging financial institution's trust department or agent in the name of the Authority.

4. Notes Receivable

a. Uncollateralized Promissory Note Receivable

The note receivable consists of a \$426,100 uncollateralized promissory note receivable, bearing interest at 9%, from a developer who had leased certain building improvements under a sublease agreement with the Authority. The entire payment of principal and unpaid interest was due and payable on January 1, 2009, unless the Authority acquired such building improvements constructed by the developer for a sum equal to the amount owed under this note. During 2009, the Authority had agreed with the developer to acquire such building improvements. However, as of June 30, 2011, the legal title transfer has not been executed. Consequently, the financial statements reflect a note receivable balance of \$426,100 and the related accrued interest receivable balance of approximately \$594,000. The Authority is currently addressing this issue.

b. Note Receivable for Sale of Kuhio Park Terrace Towers

On May 1, 2011, the Authority entered into an Acquisitions Financing Agreement (Agreement) to sell, transfer and convey unto a third party the buildings, structures, equipment, machinery, apparatus, fixtures and fittings (Improvements) of the two high rise buildings known as Kuhio Park Terrace Towers (Project), and for the execution of a ground lease for the land underlying the Improvements (Property), as defined in the Agreement. The ground lease annual rent is one dollar (\$1) and expires on May 11, 2076, with an option for an additional ten (10) years. The buyer, as defined in the Agreement, is required to redevelop the Project to include 555 units, 347 of which will be operated as public housing. In order to assist the buyer in financing the rehabilitation of the Project, the State of Hawaii, Hawaii Housing and Finance Development Corporation issued revenue bonds in the amount of \$66,000,000 for which the proceeds were used to make a mortgage loan to the buyer.

The buyer, pursuant to the Agreement, agreed to pay the Authority an acquisition fee of \$4,665,000 in consideration for acquiring the leasehold interest in the Property and \$45,000,000 for the Improvements, such that the total purchase price was \$49,665,000. Of the total purchase price, \$3,162,943 was paid in cash and the remaining balance of \$46,502,057 is being financed pursuant to the Agreement by a note. The note, which is secured by a leasehold mortgage and security agreement, matures in May 2051 and accrues interest at the greater of 4.19 percent per annum or the long term annually compounding

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2011

4. Notes Receivable (continued)

b. Note Receivable for Sale of Kuhio Park Terrace Towers (continued)

applicable federal rate. The note is payable from cash flows from the Property in the amounts and priority set forth in the note, provided that the payments due shall not exceed seventy-five percent (75%) of the borrower's surplus cash, as defined in the note. Additionally, the note is subordinate to the rights of certain financing agreements related to the issuance of revenue bonds for the redevelopment of the Project. Any remaining unpaid principal and accrued interest balance is due and payable on the maturity date of the note.

Additionally, prior to the execution of the ground lease and sale of the Improvements, several planned capital improvements related to the Project had not been completed. As both the Authority and the buyer agreed that the work is necessary, the buyer agreed to complete the work and the Authority agreed to provide the financing. Accordingly, the Authority agreed to loan the buyer up to \$3,900,000 from Public Housing Capital Funds and State of Hawaii Capital Improvement Projects Funds. Payment of principal would be deferred until the maturity date, whereupon all principal is due, subject to the availability of surplus cash, as defined in the note agreement. As of June 30, 2011, the Authority has not provided such financing.

The sale of the Project is being accounted for under the cost recovery method. Under this method, the gain on sale is deferred until the total payments made by the buyer exceed the cost of the Project. However, a portion of the deferred gain is recognized as income to the extent that the deferred gain exceeds the note receivable from the buyer plus the maximum contingent liability to the Company for other debt on the Project.

As of June 30, 2011, the net note receivable, inclusive of all principal, accrued interest and deferred gain related to the Project, is as follows and reflected under the Federal Low Rent Program statement of net assets:

Principal and accrued interest	\$ 46,502,057
Deferred gain	<u>(45,049,222)</u>
Net note receivable	<u>\$ 1,452,835</u>

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

5. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	July 1, 2010	Increases	Decreases	June 30, 2011
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 2,373,410	\$ -	\$ -	\$ 2,373,410
Construction in progress	350,349	-	-	350,349
Total capital assets not being depreciated	2,723,759	-	-	2,723,759
Capital assets, being depreciated:				
Building and improvements	48,094,877	-	(33,054,183)	15,040,694
Equipment	1,197,769	-	-	1,197,769
Total capital assets being depreciated	49,292,646		(33,054,183)	16,238,463
Less accumulated depreciation for:				
Building and improvements	25,018,242	294,984	(12,947,868)	12,365,358
Equipment	1,147,376	14,197	-	1,161,573
Total accumulated depreciation	26,165,618	309,181	(12,947,868)	13,526,931
Governmental activities, net	<u>\$ 25,850,787</u>	<u>\$ (309,181)</u>	<u>\$ (20,106,315)</u>	<u>\$ 5,435,291</u>
	July 1, 2010	Increases	Decreases	June 30, 2011
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 22,966,200	\$ -	\$ -	\$ 22,966,200
Construction in progress	27,035,344	29,217,633	(20,262,325)	35,990,652
Total capital assets not being depreciated	50,001,544	29,217,633	(20,262,325)	58,956,852
Capital assets being depreciated:				
Building and improvements	523,171,536	19,513,239	(6,265,428)	536,419,347
Equipment	9,766,704	57,811	(103,465)	9,721,050
Total capital assets being depreciated	532,938,240	19,571,050	(6,368,893)	546,140,397
Less accumulated depreciation for:				
Building and improvements	291,671,720	13,993,869	(3,075,537)	302,590,052
Equipment	9,335,164	88,934	(89,468)	9,334,630
Total accumulated depreciation	301,006,884	14,082,803	(3,165,005)	311,924,682
Business-type activities capital assets, net	<u>\$ 281,932,900</u>	<u>\$ 34,705,880</u>	<u>\$ (23,466,213)</u>	<u>\$ 293,172,567</u>

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

5. Capital Assets (continued)

Current-period depreciation expense was charged to function as follows:

Governmental Activity -	
Rental Housing and Assistance Program	<u>\$ 309,181</u>
Business-Type Activities:	
Federal Low Rent Program	11,158,502
Housing Revolving Fund	490,385
Housing for Elders Revolving Fund	1,399,776
Central Office Cost Center Fund	8,030
Others	<u>1,026,110</u>
Total depreciation expense – business-type activities	<u>14,082,803</u>
Total depreciation expense	<u>\$ 14,391,984</u>

At June 30, 2011, capital assets for the proprietary funds consisted of the following:

	Enterprise Funds					Internal Service Funds	Total
	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center	Other Enterprise Funds	Total Enterprise Funds	
Land	\$ 13,093,629	\$ 2,252,881	\$ 6,104,817	\$ -	\$ 1,514,873	\$ 22,966,200	\$ 22,966,200
Buildings and improvements	434,393,714	25,978,405	55,622,256	42,857	20,382,115	536,419,347	536,419,347
Equipment, Furniture and fixtures	6,811,537	252,521	208,356	65,557	661,007	7,998,978	9,721,050
Construction in Progress	33,244,475	1,792,622	953,555	-	-	35,990,652	35,990,652
Less accumulated depreciation	<u>266,574,699</u>	<u>10,806,644</u>	<u>24,237,144</u>	<u>32,639</u>	<u>8,556,035</u>	<u>310,207,161</u>	<u>311,924,682</u>
Net property and Equipment	<u>\$ 220,968,656</u>	<u>\$ 19,469,785</u>	<u>\$ 38,651,840</u>	<u>\$ 75,775</u>	<u>\$ 14,001,960</u>	<u>\$ 293,168,016</u>	<u>\$ 293,172,567</u>

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2011

6. Sale of Banyan Street Manor Apartments

On May 27, 2011, with the approval of HUD, the Authority consummated the sale of the Project building, reserves and operating funds for \$8,500,000. \$8,499,925 was allocated and paid in consideration for the building and related improvements and \$75 for the ground lease interest and other property, as defined in the agreement. The majority of the purchase price was paid by a combination of investment proceeds from the sale of federal and state low-income housing tax credits, mortgage financing from the State of Hawaii issuance of low-income tax-exempt bonds and such other government-assisted financing as obtained by the buyer. The Authority recognized a gain of approximately \$4,007,000 from the sale which is included under other enterprise funds in the statement of revenues and expenses, and changes in net assets.

7. Transfer of the Homeless Program to the Department of Human Services.

During the 2009 legislative session, S.B. bill No. 910 was enacted and requires the transfer of the functions and duties of the homeless programs branch of the Authority to the Department of Human Services effective July 1, 2010. Consequently, the state homeless program which was reported under the General Fund, along with the following special revenue funds: Shelter Plus Care fund; HOPWA Program fund; Emergency Shelter Grant Program fund and the Supportive Housing Program fund, were transferred to the Department of Human Services on July 1, 2010. The impact of the transfer to the Authority's net assets was approximately \$22,000,000 and is included in intergovernmental transfers under governmental activities in the government-wide statement of activities.

8. Mortgage and Note Payable

The Project entered into a HUD insured mortgage note agreement in October 1976, in the amount of \$1,727,800 held in First Hawaiian Bank. In June 2003, and then in November 2010, USGI Inc. and Midland Loan Services, Inc. became the new servicing agent and mortgagee, respectively. The mortgage loan bears interest at 7.5% and is collateralized by the rental property. The monthly installments for principal and interest were \$11,370, with an original maturity date of January 1, 2018. The mortgage note was paid in full during 2011.

The Authority entered into an unsecured promissory note payable to an individual (the former owner of Banyan Street). The entire principal balance plus accrued interest, which accrues at the same rate as the residual receipt funds held by GSCI (approximately 1.0 percent for the year ended June 30, 2011), is due within 45 days of full payment of the 7.5 percent GSCI mortgage note collateralized by HUD which matures on January 1, 2018. The note payable was paid in full during 2011.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

8. Mortgage and Note Payable (continued)

Mortgage and note payables activity during the year was as follows:

	Balance at July 1, 2010	Additions	Reductions	Balance at June 30, 2011
Mortgage payable	\$ 123,278	\$ -	\$ 123,278	\$ -
Note payable	171,327	-	171,327	-
Total	<u>\$ 294,605</u>	<u>\$ -</u>	<u>\$ 294,605</u>	<u>\$ -</u>

9. Commitments and Contingencies

a. Lease Commitments

In conjunction with the sale of the Banyan Street Manor Project building, reserves and operating funds on May 27, 2011, as described in Note 6, the Project cancelled the original lease agreement that commenced in October 1973 with the City and County of Honolulu and entered into a new lease with the City and County of Honolulu for the lease of the land on which the building is situated and all improvements thereon. The new lease is for a term of 55 years beginning May 27, 2011. Lease rent, for a nominal amount, has been prepaid for the entire term of the lease. As part of the sales price of the Project building, reserves and operating funds on May 27, 2011, \$75 was allocated for the ground lease interest and other property, as defined in the agreement.

b. Sale Wilikina Apartment Projects

On February 22, 2010, the Authority entered into an agreement to sell the Wilikina Apartment property, including all buildings, and all fixtures and equipment used in connection with the operation or occupancy of the building for \$10,000,000. The prospective buyer intends to finance the acquisition using a combination of four percent (4%) low-income housing tax credits allowable for qualified affordable housing projects under Section 42 of the Internal Revenue Code, as allocated by the State of Hawaii, Hawaii Housing Finance and Development Corporation (HHFDC) and tax-exempt private activity bonds allocated by HHFDC. In accordance with the provision of this agreement, the Closing Date shall take place on a mutually selected date on or before sixty (60) days after all of the following have occurred: (1) HUD has approved the transfer of the Housing Assistance Payment Contract to the buyer; (2) HHFDC has issued the bonds; (3) HUD has approved the New Rent Schedule;

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2011

9. Commitments and Contingencies

b. Sale Wilikina Apartment Projects (continued)

and (4) HUD has approved the 221(d)(4) mortgage insurance. As of January __, 2012, the agreement has not yet been consummated.

c. Construction Contracts

At June 30, 2011, the Federal Low Rent Program fund and the Capital Projects fund had outstanding construction contract commitments to expend approximately \$6,142,805 and \$209,821, respectively, for the construction and renovation of housing projects.

d. Torts

The Authority is involved in various actions, the outcome of which, in the opinion of management and the Attorney General, will not have a material adverse effect on the Authority's financial position except for the OHA and Kuhio Park Terrace lawsuits described below. Losses, if any, are either covered by insurance or will be a liability against the State of Hawaii

e. Workers' Compensation Policy

The State is self-insured for workers' compensation. Accordingly, the Authority is liable for workers' compensation claims filed by its employees. Liabilities for workers' compensation claims are established if information indicates that it is probable that liabilities have been incurred and the amount of those claims can be reasonably estimated. The basis for estimating the liabilities for unpaid claims include the effects of specific incremental claim adjustment expenses, salvage and subrogation, and other allocated or unallocated claim adjustment expenses. These liabilities include an amount for claims that have been incurred but not reported. The workers' compensation reserve amounted to approximately \$313,000 at June 30, 2011.

f. Accumulated Sick Leave Pay

Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limitation. It may be taken only in the event of illness and is not convertible to pay upon termination of employment. However, a State employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit in the Employees' Retirement System of the State of Hawaii (ERS). Accumulated sick leave at June 30, 2011 amounted to approximately \$4,406,000.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

9. Commitments and Contingencies (continued)

g. Deferred Compensation Plan

In 1984, the State established a deferred compensation plan, which enables State employees to defer a portion of their compensation. The State Department of Human Resources Development has the fiduciary responsibility of administering the plan. Deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

h. Litigation

OHA et al. v. State of Hawaii, Civil No. 94-0205-01 (First Circuit)

The lands transferred to the United States by the Republic of Hawaii at Hawaii's annexation to the United States in 1898 are commonly referred to as the ceded lands. Upon Hawaii's admission to the Union in 1959, title to ceded lands still held by the United States and to lands, which the United States acquired, by exchange for ceded lands after 1898 was conveyed by the United States to the State of Hawaii. Section 5 of the Admission Act expressly provided that those lands were to be held by the State as a public trust. Certain rental housing projects of the Authority are situated on parcels of land, which are to be held by the State as a public trust under Section 5.

In 1979, the State legislature (the "Legislature") adopted HRS Chapter 10 ("Chapter 10,"), which, as amended in 1980, specified, among other things, that OHA expend 20 percent of all funds derived by the State from the Ceded Lands for the betterment of Native Hawaiians.

In 1987, in *Trustees of the Office of Hawaiian Affairs v. Yamasaki*, 69 Haw. 154 (1987) ("Yamasaki"), the Hawaii Supreme Court concluded that Chapter 10 was insufficiently clear regarding the amount of monies OHA was entitled to receive from the public trust lands.

In 1990, in response to Yamasaki, the Legislature adopted Act 304, Session Laws of Hawaii 1990, which (i) defined "public land trust" and "revenue," (ii) reiterated that 20 percent of the now defined "revenue" derived from the "public land trust" was to be expended by OHA for the betterment of native Hawaiians, and (iii) established a process for OHA and the Director of Finance of the State jointly to determine the amount of monies which the State would pay OHA to retroactively settle all of OHA's claims for the period June 16, 1980 through June 30, 1991. Since fiscal year 1992 and until the first quarter of fiscal year 2002, the State, through its departments and agencies paid 20 percent of "revenues" to OHA on a quarterly basis.

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2011

9. Commitments and Contingencies (continued)

h. Litigation (continued)

OHA et al. v. State of Hawaii, Civil No. 94-0205-01 (First Circuit) (continued)

On January 14, 1994, OHA filed suit against the State alleging that the State failed to properly account for and fully pay the pro rata share of proceeds and income derived from the lands of public trust established by the Admission Act and the 1978 amendments to the State Constitution. OHA seeks an accounting of all proceeds and income, funds and revenues derived from the lands since 1978, and restitution or damages amounting to 20 percent of the proceeds and income derived from (a) the lands since November 7, 1978, (b) the lands since June 16, 1980, and (c) the lands under Act 304, Session Laws of Hawaii 1990, as well as interest thereon. The State has denied all of OHA's substantive allegations, and asserted its sovereign immunity from suit and other jurisdictional and claim-barring defenses.

In May 1996, OHA filed four motions for partial summary judgment as to the State's liability to pay OHA 20 percent of monies from four specific sources, including rental housing projects of the Authority situated on public trust lands. The State opposed those four motions. The State also filed a motion to dismiss on sovereign immunity grounds.

On October 24, 1996, the Circuit Court of the First Circuit of the State of Hawaii (First Circuit Court) denied the State's motion to dismiss and granted OHA's four motions for partial summary judgment. The State has filed an interlocutory appeal to the Hawaii Supreme Court from both orders. All other proceedings have been stayed pending the Hawaii Supreme Court's disposition of the appeal.

OHA's complaint and motions do not specify the State's alleged failures, nor do they state the dollar amount of the claims. The First Circuit Court's October 24, 1996 order granting OHA's motions for partial summary judgment did not determine the amounts owing. The basis and methodology for calculating any such amount are being disputed. OHA has not provided complete information for its claims for the period from 1981 through 1991, and has provided no information as to its claims for the period from 1991 to the present. The expert witness retained by OHA in this case has estimated that the State's potential liability for the four sources specified in OHA's summary judgment motions for the years 1981 through 1991 (but not thereafter) to be not less than \$178,000,000, of which approximately \$9,200,000 is related to gross rental income derived by the Authority.

On June 30, 1997, the Governor approved Act 329, Session Laws of Hawaii, 1997. The purpose of this Act was to achieve a comprehensive, just and lasting resolution of all controversies relating to the proper management and disposition of the lands subject to public

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2011

9. Commitments and Contingencies (continued)

h. Litigation (continued)

OHA et al. v. State of Hawaii, Civil No. 94-0205-01 (First Circuit) (continued)

trust, and of the proceeds and income, which the lands generate. The Act also fixes the amount of proceeds and income OHA will receive during the two-year period at \$15.1 million per year, and requires the completion, continued maintenance, and use of a comprehensive inventory of the public trust lands.

On September 12, 2001 the Hawaii Supreme Court concluded by holding that Act 304 was effectively repealed by its own terms, and that there was no judicial management standard, by which to determine whether OHA was entitled to the revenues it sought because the repeal of Act 304 revived the law which the court in Yamasaki had previously concluded was insufficiently clear to establish how much OHA was entitled to receive. The Supreme Court dismissed this case for lack of justiciability. Immediately thereafter, agencies ceased paying OHA any receipts from the ceded lands.

The Legislature took no action during the 2002 and 2003 legislative sessions to establish a new mechanism for establishing how much OHA was to receive. On January 23, 2003, and pending legislative action to establish such a mechanism, the Governor issued Executive Order No. 03-03 directing state agencies to resume transferring receipts from the ceded lands to OHA. During the 2003 legislative session, the Legislature appropriated moneys from the various funds into which the ceded lands receipts had been deposited and directed the agencies to pay them to OHA. During the 2004 legislative session, the Legislature did not appropriate any moneys from the various funds. OHA continues to pursue its claims for a portion of the revenues from the ceded lands.

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2011

9. Commitments and Contingencies (continued)

i. Litigation (continued)

Fetu Kolio, et al. v. State of Hawaii, et al., Civil No. 11-1-0795-04 GWBC (1st Cir.)

On April 21, 2011, the plaintiffs filed two lawsuits in federal and state courts. The plaintiffs are residents of the Mayor Wright Homes, a 364 public housing project built in 1953 and financed by HUD. In the federal action, the plaintiffs seek declaratory and injunctive relief and damages for alleged violations of the ADA, the Rehabilitation Act, and the Fair Housing Amendments. The plaintiffs' state court complaint alleges causes of action for breach of implied warranty of habitability and breach of lease, and alleges lack of hot water, vermin infestation, and inadequate security. The plaintiffs seek class action status in both actions as well as statutory attorneys' fees.

The parties have been actively engaged in several mediation sessions. The parties have agreed to limited discovery while discussing settlement. The Authority believes it is unlikely that it will obtain a favorable outcome. In addition to injunctive relief and monetary damages, the plaintiffs will likely obtain attorney's fees in excess of \$50,000. Accordingly, an accrual for \$50,000 has been recorded in the accompanying statement of net assets of the Authority.

Steven Rodrigues v. Corbit Ahn, et al., Civil No 10-1-1411-06 (1st Cir.)

In August 2009, Iris Rodrigues-Kaikana was murdered by Corbit Ahn at the Kamehameha Homes in Kalihi. Kamehameha Homes ("KH") is operated by the Hawaii Public Housing Authority (which is administratively attached to DHS). Neither Iris, who was 18 years old, or Ahn were residents at KH. Both may have visited residents of KH on the evening of the murder, although this has not been confirmed. The Complaint alleges, among other things, that the State: failed to secure, to properly monitor and light the premises; "encouraged hoodlums like Defendant Ahn to enter the premises"; removed gates to keep "gangsters" out; "allowed sexual predators onto the premises"; and refused to enforce a curfew for hoodlums. The case is presently in the Court Annexed Arbitration Program. The trial is set for April 23, 2012. The trial is not likely to go forward since the plaintiff is waiting for Corbit Ahn's criminal trial to be completed. The State intends to vigorously defend this case and plans to file a dispositive motion after discovery has been completed. If the State is found liable, the potential loss is estimated at \$150,000. However, as the likelihood of an unfavorable outcome against the State is low, the Authority has not provided for any loss provision.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

9. Commitments and Contingencies (continued)

j. HUD Examination and Memorandum of Agreement with HUD

In September 2011, as a result of HUD's limited review of the Authority's fiscal year 2010 policies and procedures, and operations, HUD issued a performance evaluation resulting in the Authority as being designated as a "troubled" public housing agency. Subsequently HUD performed a review of the Authority's fiscal year 2011 policies and procedures, and operations. Management expects HUD to issue its performance evaluation results in February 2012 and believes that the Authority has corrected in fiscal year 2011 the deficiencies noted in HUD's fiscal year 2010 review, and anticipates that the Authority will be designated a "standard" public housing agency.

In accordance with the provisions of its Low Rent Public Housing Annual Contribution Contract with HUD, if the Authority's performance evaluation results in a designation as a "troubled" public housing agency, as defined by the provisions of Public Housing Assessment System (PHAS) as codified at 24 CFR Part 902, the Authority must enter into a binding contractual agreement designated as a Memorandum of Agreement (MOA) with HUD for the purpose of improving its performance. As of January __, 2012 a MOA for the fiscal year 2010 review has not been established.

10. Retirement Plan

a. Plan Description

All eligible employees of the State and Counties are required by Chapter 88 of the Hawaii Revised Statutes to become members of the Employees' Retirement System of the State of Hawaii (ERS), a cost-sharing multiple-employer public employee retirement plan. The ERS provides retirement benefits as well as death and disability benefits. The ERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for ERS. That report may be obtained from ERS.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

10. Retirement Plan (continued)

a. Plan Description (continued)

The ERS consists of a contributory plan and a noncontributory plan. Employees covered by Social Security on June 30, 1984 were given the option of joining the noncontributory plan or remaining in the contributory plan. All new employees hired after June 30, 1984, who are covered by Social Security, are generally required to join the noncontributory plan. Both plans provide a monthly retirement allowance based on the employee's age, years of credited service, and average final compensation (AFC). The AFC is the average salary earned during the five highest paid years of service, including the vacation payment, if the employee became a member prior to January 1, 1971. The AFC for members hired on or after this date is based on the three highest paid years of service excluding the vacation payment. All benefits vest after five and ten years of credited service for the contributory and noncontributory plans, respectively. All contributions, benefits and eligibility requirements are governed by Chapter 88.

On July 1, 2006, a new hybrid contributory plan became effective pursuant to Act 179, SLH of 2004. Members in the hybrid plan are eligible for retirement at age 62 with 5 years of credited services or age 55 and 30 years of credit service. Members will receive a benefit multiplier of 2% for each year of credited service in the hybrid plan. The benefit payment options are similar to the current contributory plan. Almost 58,000 current members, all members of the noncontributory plan and certain members of the contributory plan are eligible to join the new hybrid plan. Most of the new employees hired from July 1, 2006 are required to join the new hybrid plan.

b. Funding Policy

Most covered employees of the contributory plan are required to contribute 7.8 percent of their salary. Police officers, firefighters, investigators of the department of the prosecuting attorney and the attorney general, narcotics enforcement investigators, and public safety investigators are required to contribute 12.2 percent of their salary. The actuarial cost or funding method used to calculate the total employer contribution required is the entry age normal actuarial cost method. Effective July 1, 2005, employer contribution rates are a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liability.

The Authority's contributions requirements as of June 30, 2011, 2010 and 2009 were approximately \$1,537,000, \$1,603,000, and \$1,728,000, respectively.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

11. Other Post Retirement Employee Benefits

The Authority contributes to the Employers Union Trust Fund (EUTF), an agent multiple-employer defined benefit plan that replaced the Hawaii Public Employees Health Fund effective July 1, 2003, pursuant to Act 88, SLH of 2001. The EUTF was established to provide a single delivery system of health benefits for state and county workers, retirees, and their dependents. The eligibility requirements for retiree health benefits are as follows:

For employees hired before July 1, 1996, the Authority pays the entire base monthly contribution for employees retiring with 10 years or more of credited service, and 50% of the base monthly contribution for employees retiring with fewer than ten years of credited service. A retiree can elect family plan to cover dependents.

For employees hired after June 30, 1996 but before July 1, 2001, and who retire with at less than 10 years of service, the Authority makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the Authority pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the Authority pays 75% of the base monthly contribution. For those employees retiring with at least 25 years of service, the Authority pays 100% of the base monthly contribution. Retirees in this category can elect family plan to cover dependents.

For employees hired on or after July 1, 2001, and who retire with less than 10 years of service, the Authority makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the Authority pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service the Authority pays 75% of the base monthly contribution. For those employees retiring with at least 25 years of service, the Authority pays 100% of the base monthly contribution. Only single plan coverage is provided for retirees in this category. Retirees can elect family coverage but must pay the difference.

Annual OPEB Cost and Net OPEB Obligation

It is the State's policy that measurement of the actuarial valuation and the annual required contribution (ARC) for postretirement healthcare and life are made for the state as a whole and are not separately computed for the individual state departments and agencies such as the Authority. The state allocates the ARC to the various departments and agencies based upon a systematic methodology. The Authority's contribution for the year ended June 30, 2011 was approximately \$737,000, which represented 30% of the Authority's share of the ARC for postretirement healthcare and life insurance benefits of approximately \$2,430,000.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

11. Other Post Retirement Employee Benefits (continued)

The following is a summary of changes in postretirement liability during the fiscal year ended June 30, 2011:

Balance at June 30, 2010	\$ 5,338,318
Additions	2,430,378
Deletions	<u>(737,142)</u>
Balance at June 30, 2011	<u>\$ 7,031,554</u>

As of June 30, 2011, the postretirement liability balance of the approximately \$7,031,000 was included in long-term accrued expenses under the Central Office Cost Center Fund.

The State's Comprehensive Annual Financial Report includes the required footnote disclosure and required supplementary information on the State's OPEB benefit plans.

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Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

12. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2011 is as follows:

Due from	General Fund	Housing Choice Voucher	Section 8 Contract Admin	Housing Revolving Fund	Housing For Elders Revolving Fund	Central Office Cost Center Fund	Internal Services Fund	Non-major Enterprise
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,778	\$ -	\$ -
Housing Choice Voucher	-	-	-	-	-	630,179	-	-
Section 8 Contract Admin	-	-	-	-	-	126,601	-	95,082
Federal Low-Rent Program	-	3,899	-	1,483	-	6,440,656	-	341,639
Housing Revolving Fund	-	-	-	-	-	477,402	-	-
Housing for Elders Revolving Fund	-	-	-	-	-	213,578	-	-
Central Office Cost Center	-	-	-	-	-	-	-	602,620
Nonmajor - Enterprise	137,841	297,870	715,689	547,075	618,320	2,101,202	56,307	87,601
Nonmajor - Government	-	-	-	-	-	-	-	9,207
Total	<u>\$137,841</u>	<u>\$ 301,769</u>	<u>\$ 715,689</u>	<u>\$ 548,558</u>	<u>\$ 618,320</u>	<u>\$10,038,396</u>	<u>\$ 56,307</u>	<u>\$ 1,136,149</u>

The interfund receivable and payable balances are due to interfund goods or services provided or reimbursable expenditures and payments between funds.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

13. Operating Transfers

The composition of net operating transfer balances reflected in the financial statements as of June 30, 2011 is as follows:

Transfer From	Housing Choice Voucher	Federal Low Rent Program	Housing Revolving Fund	Housing For Elders Revolving Fund	Central Office Cost Center Fund	Non-Major Enterprise Funds
General Fund	\$ 32,983	\$ 2,363,339	\$ 627,502	\$1,244,458	\$ 291,079	\$ 7,121
Capital Projects	-	257,289	-	-	-	7,608
Housing Elders Revolving Fund	-	-	-	-	228,693	-
Federal Low Rent Program	-	-	-	-	3,446,273	-
Nonmajor – Enterprise	-	-	-	-	7,373,077	-
Nonmajor – Government	65,000	-	-	-	-	-
Total	<u>\$ 97,983</u>	<u>\$ 2,620,628</u>	<u>\$ 627,502</u>	<u>\$1,244,460</u>	<u>\$11,339,122</u>	<u>\$ 14,729</u>

The following describes the operating transfers noted above:

General Fund: The General Fund expended approximately \$4,566,000 from the current year annual State of Hawaii appropriations to pay for rental housing service shortfalls under certain enterprise funds.

Capital Projects: The Capital Projects Fund expended approximately \$265,000 from the current year annual State of Hawaii appropriations to pay for rental housing service shortfalls under certain enterprise funds.

Housing for Elders Revolving Fund: The Housing for Elders Revolving Fund expended approximately \$229,000 from its administrative fee to pay for administrative shortfalls under the Central Office Cost Center fund.

Federal Low Rent Program: The Federal Low Rent Program transferred the net proceeds from the sale of the Kuhio Park Terrace Tower of approximately \$3,446,000 to the Central Office Cost Center Fund. The amount has been restricted by the Authority's Board of Directors for future housing service and development plans.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2011

13. Operating Transfers (continued)

Nonmajor - Enterprise: The Banyan Street Manor transferred the net proceeds from the sale of the Banyan Street Manor Apartments of approximately \$7,373,000 to the Central Office Cost Center Fund. The amount has been restricted by the Authority's Board of Directors for future housing service and development plans.

Nonmajor - Government: Approximately \$65,000 was transferred from the Resident Opportunities and Self-Sufficiency fund to the Housing Choice Voucher Program to pay for family self-sufficiency program services as permitted by the U.S. Department of Housing and Urban Development.

14. Capital Contributions

During the 2011, the Capital Projects Fund expended approximately \$12,716,000 from the current year annual State of Hawaii appropriations to pay for capital outlays that were contributed to enterprise funds. The composition of capital contribution balances reflected in the financial statements as of June 30, 2011 is as follows:

<u>Contributed From</u>	<u>Federal Low Rent Program</u>	<u>Housing Revolving Fund</u>	<u>Housing For Elders Revolving Fund</u>	<u>Total</u>
Capital Projects Fund	\$ 8,376,472	\$3,490,393	\$ 849,389	\$ 12,716,254

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**Required Supplementary Information
Other Than Management Discussion and Analysis**

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Hawaii Public Housing Authority

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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE -
MAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2011

	General Fund		
	Original Budget	Final Budget	Budgetary Actual
Revenues -			
State allotted appropriations	\$ 5,464,068	\$ 5,464,068	\$ 5,464,068
Expenditures -			
Rental housing and assistance program	5,464,068	5,464,068	4,143,916
DEFICIENCY OF REVENUES UNDER EXPENDITURES	\$ -	\$ -	\$ 1,320,152
	Housing Choice Voucher Program		
	Original Budget	Final Budget	Budgetary Actual
Revenues -			
HUD contributions	\$ 20,548,689	\$ 22,611,693	\$ 22,743,476
Expenditures -			
Rental housing and assistance program	20,548,689	22,611,693	21,452,751
DEFICIENCY OF REVENUES UNDER EXPENDITURES	\$ -	\$ -	\$ 1,290,725

See accompanying independent auditor's report.

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Hawaii Public Housing Authority

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE -
MAJOR GOVERNMENTAL FUNDS (continued)

Year ended June 30, 2011

	Section 8 Contract Administration		
	Original Budget	Final Budget	Budgetary Actual
Revenues -			
HUD contributions	\$ 25,235,808	\$ 26,876,894	\$ 26,879,928
Expenditures -			
Rental housing and assistance program	25,235,808	26,876,894	26,404,170
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ 475,758

See accompanying independent auditor's report.

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Hawaii Public Housing Authority

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE -
BUDGET-TO-GAAP RECONCILIATION**

Year ended June 30, 2011

	<u>General Fund</u>	<u>Housing Choice Voucher Program</u>	<u>Section 8 Contract Administration</u>
Excess (deficiency) of revenues over (under) expenditures and other sources and uses - actual on budgetary basis	\$ 1,320,152	\$ 1,290,725	\$ 475,758
Reserve for encumbrance at year end*	1,333,900	-	-
Expenditures for liquidation of prior year's encumbrances	(1,210,449)	-	-
Reversion of prior year's allotments	(285,012)	-	-
Accrual adjustments, operating transfers and other	<u>(3,207,834)</u>	<u>(1,260,533)</u>	<u>114</u>
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES AND OTHER USES - US GAAP BASIS	<u>\$ (2,049,243)</u>	<u>\$ 30,192</u>	<u>\$ 475,872</u>

* Amount reflects the encumbrance balance included in continuing appropriation.

See accompanying independent auditor's report.

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Hawaii Public Housing Authority

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

June 30, 2011

ASSETS	ROSS	Boys and Girls Club	Total
Current Assets:			
Cash	\$ 36	\$ 4	\$ 40
Due from HUD	8,304	903	9,207
Total assets	<u>\$ 8,340</u>	<u>\$ 907</u>	<u>\$ 9,247</u>
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	8,304	903	9,207
Due to HUD	36	4	40
Total current liabilities	8,340	907	9,247
Fund Balances - Restricted	-	-	-
Total liabilities and fund balances	<u>\$ 8,340</u>	<u>\$ 907</u>	<u>\$ 9,247</u>

See accompanying independent auditor's report.

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Hawaii Public Housing Authority

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**

Year ended June 30, 2011

	<u>ROSS</u>	<u>Boys and Girls Club</u>	<u>Total</u>
Revenues - Intergovernmental – HUD annual contributions	\$ 141,137	\$ 2,861	\$ 143,998
Expenditures - Administration	<u>76,137</u>	<u>2,861</u>	<u>78,998</u>
Excess of revenues over expenditures	65,000	-	65,000
Other Financing Uses - Transfers Out	<u>(65,000)</u>	<u>-</u>	<u>(65,000)</u>
Net change in fund balances	-	-	-
Fund Balances at July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

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Hawaii Public Housing Authority

COMBINING STATEMENT OF NET ASSETS - NONMAJOR OTHER ENTERPRISE FUNDS

June 30, 2011

ASSETS	Banyan Street Manor Project	Wilikina Apartments Project	Kekumu at Waikoloa Project	Disbursing Fund	KPT Resource Center	Total
Current Assets:						
Cash	\$ 52,729	\$ 359,804	\$ 5,492	\$ 3,572,768	\$ 136,488	\$ 4,127,281
Receivables:						
Accrued interest	-	-	-	62,231	-	62,231
Tenant receivables, less allowance for doubtful accounts	-	-	4,172	-	37,907	42,079
Other	929	18,961	-	-	-	19,890
	929	18,961	4,172	62,231	37,907	124,200
Due from other funds	602,620	-	-	533,529	-	1,136,149
Due from other state agencies	-	-	-	274,837	-	274,837
Due from HUD	-	226,105	-	-	-	226,105
Deposits held in trust	-	13,337	26,036	-	-	39,373
Total current assets	656,278	618,207	35,700	4,443,365	174,395	5,927,945
Restricted Deposits and Funded Reserves						
Capital Assets, less accumulated depreciation	-	5,829,310	-	-	-	5,829,310
	-	4,078,112	-	-	9,923,848	14,001,960
Total assets	\$ 656,278	\$ 10,525,629	\$ 35,700	\$ 4,443,365	\$ 10,098,243	\$ 25,759,215

See accompanying independent auditor's report.

Hawaii Public Housing Authority

COMBINING STATEMENT OF NET ASSETS - NONMAJOR OTHER ENTERPRISE FUNDS (continued)

June 30, 2011

LIABILITIES AND NET ASSETS	Banyan		Wilikina		Kekumu at		Disbursing		KPT		Total
	Street	Manor	Project	Project	Project	Project	Fund	Fund	Resource	Center	
Current Liabilities:											
Accounts payable	\$ 19,451		\$ 42,311		\$ 90,170		\$ 115,428		\$ -		\$ 267,360
Accrued expenses - other	21,217		-		931,592		-		77,380		1,030,189
Due to other funds	615,610		33,941		149,660		3,758,611		4,083		4,561,905
Due to State of Hawaii	-		-		-		571,402		-		571,402
Security deposits	-		14,748		24,981		-		11,109		50,838
Deferred income	-		-		-		-		-		-
Total current liabilities	656,278		91,000		1,196,403		4,445,441		92,572		6,481,694
Net Assets:											
Invested in capital assets, net of related debt	-		4,078,112		-		-		9,923,848		14,001,960
Restricted by legislation and contractual agreements	-		5,829,310		-		-		-		5,829,310
Assigned	-		527,207		(1,160,703)		(2,076)		81,823		(553,749)
Total net assets	-		10,434,629		(1,160,703)		(2,076)		10,005,671		19,277,521
Total liabilities and net assets	\$ 656,278		\$ 10,525,629		\$ 35,700		\$ 4,443,365		\$ 10,098,243		\$ 25,759,215

Hawaii Public Housing Authority

COMBINING STATEMENT OF REVENUES AND EXPENSES - NONMAJOR OTHER ENTERPRISE FUNDS

Year ended June 30, 2011

	Banyan Street Manor Project	Waiikina Apartments Project	Kekumu at Waikoloa Project	Disbursing Fund	KPT Resource Center	Total
Operating Revenues:						
Rental	\$ 165,840	\$ 180,453	\$ 280,584	\$ -	\$ 500,329	\$ 1,127,206
Other	16,245	17,542	5,401	-	-	39,188
Total operating revenues	182,085	197,995	285,985	-	500,329	1,166,394
Operating Expenses:						
Depreciation	183,629	336,047	-	-	496,193	1,015,869
Administration	172,523	168,705	244,221	-	212,556	798,005
Provision for losses	-	-	-	-	26,148	26,148
Professional services	18,693	39,411	12,319	-	4,784	75,207
Insurance	-	25,935	-	-	-	25,935
Repairs and maintenance	103,531	151,021	45,311	-	44,466	344,329
Utilities	63,515	124,924	88,128	-	199,460	476,027
Total operating expenses	541,891	846,043	389,979	-	983,607	2,761,520
Operating loss	(359,806)	(648,048)	(103,994)	-	(483,278)	(1,595,126)
Nonoperating (Expense) Revenue:						
Interest (expense) income	(57,374)	6,003	(350,000)	-	13	(401,358)
Gain on sale of Project	4,007,463	-	-	-	-	4,007,463
HUD operating subsidy	223,448	237,857	-	-	-	461,305
Other Revenues	(34,843)	421,937	-	-	-	387,094
Net nonoperating revenue (expense)	4,138,694	665,797	(350,000)	-	13	4,454,504
Income (loss) before transfers	3,778,888	17,749	(453,994)	-	(483,265)	2,859,378
Net Operating Transfers	(7,373,077)	14,729	-	-	-	(7,358,348)
Change in net assets	\$ (3,594,189)	\$ 32,478	\$ (453,994)	\$ -	\$ (483,265)	\$ (4,498,970)

See accompanying independent auditor's report.

Hawaii Public Housing Authority

COMBINING STATEMENT OF CHANGES IN NET ASSETS - NONMAJOR OTHER ENTERPRISE FUNDS

Year ended June 30, 2011

	Banyan Street Manor Project	Wiliikina Apartments Project	Kekumu at Waikoloa Project	Disbursing Fund	KPT Resource Center	Total
Net Assets at July 1, 2010	\$ 3,594,189	\$ 10,402,151	\$ (706,709)	\$ (2,076)	\$ 10,488,936	\$ 23,776,491
Change in Net Assets	(3,594,189)	32,478	(453,994)	-	(483,265)	(4,498,970)
Net Assets at June 30, 2011	\$ -	\$ 10,434,629	\$ (1,160,703)	\$ (2,076)	\$ 10,005,671	\$ 19,277,521

See accompanying independent auditor's report.

Hawaii Public Housing Authority

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR OTHER ENTERPRISE FUNDS

Year ended June 30, 2011

	Banyan Street Manor Project	Wilikina Apartments Project	Kekumu at Waikoloa Project	Disbursing Fund	KPT Resource Center	Total
Cash Flows from Operating Activities:						
Cash received from renters	\$ 177,661	\$ 182,669	\$ 280,609	\$ -	\$ 462,421	\$ 1,103,360
Cash payments to suppliers	(348,704)	(548,621)	(304,185)	(66,996)	(440,809)	(1,709,315)
Cash receipts (payments) from/to other funds	18,180	3,496	21,285	62,766	4,783	110,510
Other	15,316	17,542	5,401	(4,962)	-	33,297
Net cash (used in) provided by operating activities	(137,547)	(344,914)	3,110	(9,192)	26,395	(462,148)
Cash Flows from Noncapital Financing Activities:						
Cash Payments to Other State Agencies	(7,990,487)	-	-	(38,671)	-	(38,671)
Operating transfers in (out)	245,125	125,273	-	-	-	(7,990,487)
Receipts from HUD	2,463	94,785	-	-	-	370,398
Other					13	97,261
Net cash (used in) provided by noncapital financing activities	(7,742,899)	220,058	-	(38,671)	13	(7,561,499)
Cash Flows from Capital and Related Financing Activities:						
Net Proceeds from sale of Project	6,690,547	-	-	-	-	6,690,547
Principal payments on mortgage loans	(109,028)	-	-	-	-	(109,028)
Interest payments	(4,674)	-	-	-	-	(4,674)
Deposits in restricted deposits and funded reserves	(55,435)	-	-	-	-	(55,435)
Release of restricted deposits and funded reserves	1,395,508	-	-	-	-	1,395,508
Net cash provided by (used in) capital and related financing activities	7,916,918	-	-	-	-	7,916,918
Net increase (decrease) in cash	36,472	(124,856)	3,110	(47,863)	26,408	(106,729)
Cash at July 1, 2010	16,257	484,660	2,382	3,620,631	110,080	4,234,010
Cash at June 30, 2011	\$ 52,729	\$ 359,804	\$ 5,492	\$ 3,572,768	\$ 136,488	\$ 4,127,281

See accompanying independent auditor's report.

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR OTHER ENTERPRISE FUNDS (continued)

Year ended June 30, 2011

	Banyan Street Manor Project	Wilikina Apartments Project	Kekumu at Waikoloa Project	Disbursing Fund	KPT Resource Center	Total
Cash Flows from Operating Activities:						
Reconciliation of operating loss to net cash used in operating activities:						
Operating loss	\$ (359,806)	\$ (648,048)	\$ (103,994)	\$ -	\$ (483,278)	\$ (1,595,126)
Adjustments to reconcile operating loss to net cash used in operating activities:						
Depreciation	183,629	336,047	-	-	496,193	1,015,869
Provision for losses	-	-	-	-	26,148	26,148
Changes in assets and liabilities:						
Tenant receivables	1,428	-	(110)	-	(37,908)	(36,590)
Other receivables	(929)	(8,431)	-	(4,962)	-	(14,322)
Due from other funds	-	-	21,285	(602,132)	-	(580,847)
Deposits held in trust	13,249	3,931	(2,888)	-	-	14,292
Accounts payable	9,558	(30,194)	86,770	(66,996)	-	(862)
Other accrued expenses	-	-	(976)	-	20,457	19,481
Due to other funds	18,180	3,496	-	664,898	4,783	691,357
Security deposits	(634)	(1,715)	3,023	-	-	674
Deferred income	(2,222)	-	-	-	-	(2,222)
Net cash used in operating activities	\$ (137,547)	\$ (344,914)	\$ 3,110	\$ (9,192)	\$ 26,395	\$ (462,148)

See accompanying independent auditor's report.

Hawaii Public Housing Authority

COMBINING STATEMENT OF NET ASSETS – INTERNAL SERVICE FUNDS

June 30, 2011

ASSETS	Equipment Rental	Vehicle Rental	Total
Current Assets:			
Cash	\$ 822,647	\$ 467,463	\$ 1,290,110
Accrued interest receivable	21,468	12,526	33,994
Due from other funds	-	116,747	116,747
Total current assets	844,115	596,736	1,440,851
Capital Assets, less accumulated depreciation	4,551	-	4,551
Total assets	<u>\$ 848,666</u>	<u>\$ 596,736</u>	<u>\$ 1,445,402</u>
LIABILITIES AND NET ASSETS			
Current Liability - Due to Other Funds	<u>\$ 60,440</u>	<u>\$ -</u>	<u>\$ 60,440</u>
Net Assets:			
Invested in capital assets	4,551	-	4,551
Assigned	<u>783,675</u>	<u>596,736</u>	<u>1,380,411</u>
Total net assets	<u>788,226</u>	<u>596,736</u>	<u>1,384,962</u>
Total liabilities and net assets	<u>\$ 848,666</u>	<u>\$ 596,736</u>	<u>\$ 1,445,402</u>

See accompanying independent auditor's report.

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Hawaii Public Housing Authority

COMBINING STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN NET ASSETS - INTERNAL SERVICE FUNDS

Year ended June 30, 2011

	Equipment Rental	Vehicle Rental	Total
Operating Revenue - Rental	\$ 2,619	\$ 7,876	\$ 10,495
Operating Expenses:			
Administration	2,625.00	7,870	10,495
Professional services	879	1,760	2,639
Depreciation	2,435	7,806	10,241
Total operating expenses	5,939	17,436	23,375
Operating loss	(3,320)	(9,560)	(12,880)
Nonoperating Revenue -			
Interest Income	25,775	16,595	42,370
Change in net assets	22,455	7,035	29,490
Net Assets at July 1, 2010	765,771	589,701	1,355,472
Net Assets at June 30, 2011	\$ 788,226	\$ 596,736	\$ 1,384,962

See accompanying independent auditor's report.

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Hawaii Public Housing Authority

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS

Year Ended June 30, 2011

	Equipment Rental	Vehicle Rental	Total
Cash Flows from Operating Activities:			
Cash receipts from (payments to) other funds	\$ 1,160	\$ (228)	\$ 932
Other cash payments	<u>(3,504)</u>	<u>(1,760)</u>	<u>(5,264)</u>
Net cash used in operating activities	<u>(2,344)</u>	<u>(1,988)</u>	<u>(4,332)</u>
Cash Flows From Investing Activity -			
Receipts of Interest	<u>27,181</u>	<u>17,345</u>	<u>44,526</u>
Net cash provided by investing activities	<u>27,181</u>	<u>17,345</u>	<u>44,526</u>
Net increase in cash	24,837	15,357	40,194
Cash at July 1, 2010	<u>797,810</u>	<u>452,106</u>	<u>1,249,916</u>
Cash at June 30, 2011	<u><u>\$ 822,647</u></u>	<u><u>\$ 467,463</u></u>	<u><u>\$ 1,290,110</u></u>
Cash Flows from Operating Activities:			
Reconciliation of operating loss to			
net cash used in operating activities			
Operating loss	\$ (3,320)	\$ (9,560)	\$ (12,880)
Adjustments to reconcile operating loss			
to net cash used in operating activities			
Depreciation	2,435	7,806	10,241
Changes in assets and liabilities:			
Due from other funds	-	(234)	(234)
Due to other funds	<u>(1,459)</u>	<u>-</u>	<u>(1,459)</u>
Net cash used in operating activities	<u><u>\$ (2,344)</u></u>	<u><u>\$ (1,988)</u></u>	<u><u>\$ (4,332)</u></u>

See accompanying independent auditor's report.

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Hawaii Public Housing Authority

RECONCILIATION OF CASH

June 30, 2011

The Authority's cash consists of the following as of June 30, 2011:

Equity in State Treasury investment pool - Gov't Wide	\$ 6,598,912
Cash in banks	46,601,037
Deposits held in trust	39,373
	<hr/> 53,239,322
Equity in State Treasury investment pool - Fiduciary Funds	1,655
	<hr/> <u>\$ 53,240,977</u>

Total cash is in agreement with the State Comptroller's central accounting records
as of June 30, 2011, as reconciled below:

	Appropriation symbol	June 30, 2011
Cash in State Treasury		
Special Funds	S-05-337-K	\$ 20,592
	S-07-337-K	60,200
	S-08-337-K	10,433
	S-09-337-K	111,502
	S-10-337-K	109,606
	S-11-337-K	1,335,686
	S-05-308-K	70
	S-07-308-K	1,357
	S-09-308-K	2,671
	S-10-308-K	75,559
	S-11-308-K	210,923
	S-08-304-K	89,005
	S-06-332-K	3,200
	S-07-332-K	21,986
	S-08-332-K	6,530
	S-11-332-K	3,396,445
	S-11-335-K	468,896
	S-11-336-K	825,169
Trust Funds	T-06-927-K	588
	T-07-920-K	1,062
	T-11-913-K	43,643
Total cash held in State Treasury as reported by State Comptrollers accounting records carried forward		<hr/> 6,795,123

See accompanying independent auditor's report.

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Hawaii Public Housing Authority

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RECONCILIATION OF CASH (continued)

June 30, 2011

	<u>Appropriation symbol</u>	<u>June 30, 2011</u>
Subtotal brought forward		<u>6,795,123</u>
Reconciling items:		
Summary Warrant Vouchers not recorded by DAGS		(173,929)
State Treasury Investment Pool Write-down		<u>(20,627)</u>
		<u>(194,556)</u>
Cash held outside State Treasury:		
Cash in bank		46,601,037
Deposits held in trust		<u>39,373</u>
		<u>46,640,410</u>
Cash on statement of net assets		<u>\$ 53,240,977</u>

See accompanying independent auditor's report.

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Approved by the Executive Director 
January 19, 2012

FOR ACTION

SUBJECT: To Accept the Hawaii Public Housing Authority's Audited Financial Statements for the Period July 1, 2010 to June 30, 2011 for the Banyan Street Manor Property

I. FACTS

- A. The audit of the Hawaii Public Housing Authority's (HPHA) financial statements for fiscal year ending June 30, 2011, was performed by our independent auditor, KMH, LLP. The financial statements are attached.
- B. The HPHA's financial statements were submitted electronically to the U.S. Department of Housing and Urban Development (HUD).

II. RECOMMENDATION

That the Board of Directors Accept the Audited Financial Statements for the Fiscal Year Beginning July 1, 2010 and Ending June 30, 2011.

Attachment A: Audited Financial Statements for Fiscal Year July 1, 2010 Ending June 30, 2011

Prepared by: Clarence Allen, Fiscal Officer 

Approved by the Board of Directors
on the date set forth above

David Gierlach
Chairperson

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**Hawaii Public Housing Authority
Banyan Street Manor**

Financial Statements
June 30, 2011 and 2010
Together with Independent Auditor's Report



Independent Auditor's Report

Board of Directors
Hawaii Public Housing Authority:

We have audited the accompanying statements of net assets of the Hawaii Public Housing Authority, Banyan Street Manor (the Project), as of June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Project's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Project has not maintained adequate records of capital assets and related depreciation. We were not able to satisfy ourselves by other auditing procedures as to the fairness of costs and accumulated depreciation stated at \$6,046,454 and \$2,962,925, respectively, as of June 30, 2010 and the related depreciation expense stated at \$150,049 for the years ended June 30, 2011 and 2010 and on the gain on sale of the project of \$4,007,463 for the year ended June 30, 2011. Additionally, the accounting records did not permit us to extend our auditing procedures sufficiently to satisfy ourselves about the adequacy of the amount of the Project's replacement and residual reserves, stated at \$1,335,594 as of June 30, 2010 in the accompanying statements of net assets.

As discussed in Note 1, the financial statements present only the Project, and do not purport to, and do not, present fairly the financial position of Hawaii Public Housing Authority as of June 30, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had prior-year records concerning building, equipment-portable and furniture and related accumulated depreciation and the replacement and residual reserves been adequate, the financial statements referred to above present fairly, in all material respects, the financial position of the

Project as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Project has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2011 on our consideration of the Project's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

KMH LLP

KMH LLP

Honolulu, Hawaii
November 7, 2011

Hawaii Public Housing Authority

Banyan Street Manor

Statements of Net Assets
June 30, 2011 and 2010

	<u>Assets</u>	
	<u>2011</u>	<u>2010</u>
Cash	\$ 52,729	\$ 16,257
Rents Receivable	-	1,428
Receivable from HUD	-	2,923
Tenant Deposits	-	13,249
Other	929	-
Due From Other Fund	617,620	-
Restricted Deposits and Funded Reserves:		
Escrow deposits	-	4,479
Replacement reserves	-	745,439
Residual reserves	-	590,155
Total restricted deposits and funded reserves	-	1,340,073
Deferred Costs, Net of Accumulated Amortization of \$164,330 and \$130,750 for 2011 and 2010, Respectively	-	33,580
Capital Assets:		
Building	-	5,943,235
Equipment-portable	-	77,588
Furniture	-	25,631
	-	6,046,454
Accumulated depreciation	-	(2,962,925)
Total capital assets, net	-	3,083,529
Total assets	<u>\$ 671,278</u>	<u>\$ 4,491,039</u>

See accompanying notes to financial statements.

Hawaii Public Housing Authority
Banyan Street Manor

Statements of Net Assets (continued)
June 30, 2011 and 2010

	<u>Liabilities and Net Assets</u>	
	<u>2011</u>	<u>2010</u>
Liabilities:		
Accounts payable and accrued expenses	\$ 19,451	\$ 9,893
Deferred revenue	-	2,222
Due to other funds	630,610	612,430
Tenants' security deposits	-	12,542
Mortgage payable	-	123,279
Other payable	21,217	-
Total liabilities	<u>671,278</u>	<u>760,366</u>
Commitments and Contingencies		
Net Assets:		
Invested in capital assets, net of related debt	-	2,960,250
Restricted by contractual agreement	-	1,340,073
Unrestricted	-	(569,650)
Total net assets	<u>-</u>	<u>3,730,673</u>
Total liabilities and net assets	<u>\$ 671,278</u>	<u>\$ 4,491,039</u>

See accompanying notes to financial statements.

Hawaii Public Housing Authority

Banyan Street Manor

Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues:		
Rental	\$ 165,840	\$ 166,907
Other	<u>16,245</u>	<u>11,729</u>
Total operating revenues	<u>182,085</u>	<u>178,636</u>
Operating Expenses:		
Depreciation and amortization	183,629	154,033
Administration	172,523	165,026
Repairs and maintenance	103,531	94,939
Utilities	63,515	60,166
Professional services	<u>18,693</u>	<u>178,352</u>
Total operating expenses	<u>541,891</u>	<u>652,516</u>
Net operating loss	<u>(359,806)</u>	<u>(473,880)</u>
Nonoperating Revenues (Expenses):		
Gain on sale of Banyan Street Manor	4,007,463	-
HUD subsidies	223,448	218,966
Interest expense	<u>(4,674)</u>	<u>(9,849)</u>
Net nonoperating revenue	<u>4,226,237</u>	<u>209,117</u>
Net gain (loss) before transfers	3,866,431	(264,763)
Operating Transfers	(7,597,104)	-
Net Assets, beginning of year (as restated for 2010)	<u>3,730,673</u>	<u>3,995,436</u>
Net Assets, end of year	<u><u>\$ -</u></u>	<u><u>\$ 3,730,673</u></u>

See accompanying notes to financial statements.

Hawaii Public Housing Authority

Banyan Street Manor

Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Receipts from tenants	\$ 177,661	\$ 171,247
Payments to suppliers	(348,704)	(565,624)
Receipts from other funds	18,180	206,534
Other	15,316	11,729
Net cash used in operating activities	<u>(137,547)</u>	<u>(176,114)</u>
Cash Flows from Noncapital Financing Activities:		
Receipts from HUD	245,125	283,066
Operating transfer out	(7,990,487)	-
Other	2,463	-
Net cash (used in) provided by noncapital financing activities	<u>(7,742,899)</u>	<u>283,066</u>
Cash Flows from Capital and Related Financing Activities:		
Net Proceeds from sale of Banyan Street Manor	6,690,547	-
Principal payments on mortgage payable	(109,028)	(122,175)
Interest payments on mortgage payable	(4,674)	(9,849)
Deposits in restricted deposits and funded reserves	(55,435)	28,524
Release of restricted deposits and funded reserves	1,395,508	-
Net cash provided by (used in) capital and related financing activities	<u>7,916,918</u>	<u>(103,500)</u>
Cash Flows from Investing Activity --		
Purchase of Capital Assets	-	(14,266)
Net increase (decrease) in cash	36,472	(10,814)
Cash, beginning of year	16,257	27,071
Cash, end of year	<u>\$ 52,729</u>	<u>\$ 16,257</u>

See accompanying notes to financial statements.

Hawaii Public Housing Authority

Banyan Street Manor

Statements of Cash Flows (continued)
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Supplemental Non-Cash Activity --		
Mortgage Payable Netted with Sales Proceeds	<u>\$ 14,251</u>	<u>\$ -</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (359,806)	\$ (473,880)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	183,629	154,033
Changes in:		
Rents receivable	1,428	2,841
Other receivable	(929)	-
Tenants deposits	13,249	(4,597)
Accounts payable and accrued expenses	9,558	(67,141)
Deferred revenue	(2,222)	2,222
Due to other funds	18,180	206,534
Tenants' security deposits	<u>(634)</u>	<u>3,874</u>
Net cash used in operating activities	<u>\$ (137,547)</u>	<u>\$ (176,114)</u>

See accompanying notes to financial statements.

Hawaii Public Housing Authority

Banyan Street Manor

Notes to Financial Statements
June 30, 2011 and 2010

1. Summary of Operations and Significant Accounting Policies

a. Project Background

Banyan Street Manor (the Project) is a low-income residential housing project owned by the Hawaii Public Housing Authority (Authority). The Project operates under the provisions of the U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payment Program and Section 221 (d)(3) Multi-family Rental Housing for Moderate Income Families Program. Under these programs, the Project provides housing to low and moderate income persons, subject to regulation by HUD as to rental charges and operating methods. Lower rental charges are recovered by the Project through rent subsidies provided by HUD. The Project is located in the Honolulu district on the island of Oahu, Hawaii, and consists of 12 one-bedroom and 43 two-bedroom apartments including a two-bedroom apartment that is being used as the resident manager's lodging. Under its agreement with HUD, the Project may not increase rent charge to tenants without prior approval by HUD.

The Project building and residual receipts were purchased in 1990 by the former State of Hawaii, Housing and Community Development Corporation of Hawaii (HCDCH), predecessor agency to the Authority. At the time of purchase, HCDCH paid cash of \$400,000 for the total residual receipts of \$571,327, and executed a non-negotiable, unsecured promissory note to the former owner of the Project for the remaining balance of \$171,327. This promissory note was not reflected on the Project's financial statements as HUD did not consider the payment of this note to be a Project's expenditure. Such obligation was reflected on the Authority's financial statements and settled as a part of the sale of the Project in 2011 as described below.

The Project is managed by a property management firm under a contract approved by the Authority. The management fee includes a fixed fee plus an administrative charge as defined in the agreement covering the years ended June 30, 2011 and 2010.

On May 27, 2011, with the approval of HUD, the Authority consummated the sale of the Project building, reserves and operating funds for \$8,500,000. \$8,499,925 was allocated and paid in consideration for the building and related improvements and \$75 for the ground lease interest and other property, as defined in the agreement. The majority of the purchase price was paid by a combination of investment proceeds from the sale of federal and state low-income housing tax credits, mortgage financing from the State of Hawaii issuance of low-income tax-exempt bonds and such other government-assisted financing as obtained by the buyer. The Project recognized a gain of approximately \$4,007,000 from the sale.

Hawaii Public Housing Authority

Banyan Street Manor

Notes to Financial Statements
June 30, 2011 and 2010

1. Summary of Operations and Significant Accounting Policies (continued)

b. Financial Statement Presentation

The Project is a component of the Authority and is reflected under the Authority's financial statements as a nonmajor other enterprise fund. The Project's financial statements are intended to present the financial position, results of operations and cash flows of only that portion of the funds of the Authority that is attributable to the transactions of the Project. They do not purport to, and do not, present fairly the financial position of the Authority as of June 30, 2011 and 2010 and the changes in its financial position and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

c. Measurement Focus and Basis of Accounting

The accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are reported when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds have the option under Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless the FASB's conflict with those issued by GASB. Management has elected to not apply FASB statements after the applicable date.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenue of the Project is rental income.

Net assets are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally, it is management's policy to use restricted resources first, then unrestricted resources as they are needed.

Hawaii Public Housing Authority

Banyan Street Manor

Notes to Financial Statements
June 30, 2011 and 2010

1. Summary of Operations and Significant Accounting Policies (continued)

d. Concentrations of Credit Risk

Cash is maintained in bank deposit accounts. From time to time, the cash deposits may exceed federally insured limits. Non-interest bearing transaction accounts are fully insured by the Federal Deposit Insurance Corporation (FDIC). Other deposit accounts are FDIC insured up to \$250,000 per account holder. Management believes that the Project is not exposed to any significant credit risk related to its cash balances.

e. Statement of Cash Flows

Cash for the purpose of the statements of cash flows does not include restricted cash.

f. Capital Assets

Capital assets consist of building, equipment-portable and furniture and are reported in the financial statements at cost. Management capitalizes equipment if the cost is in excess of \$5,000 and the useful life exceeds one year. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

Depreciation is recorded on the straight-line method over the estimated useful lives of the related assets ranging from three to forty years as follows:

	Years
Building	40
Equipment	4 – 10
Furniture	3 – 7

g. Income Taxes

The Project is exempt from federal and State income taxes.

h. Deferred Costs

Costs incurred in connection with obtaining the mortgage loan are amortized ratably over the term of the mortgage loan.

Hawaii Public Housing Authority

Banyan Street Manor

Notes to Financial Statements
June 30, 2011 and 2010

1. Summary of Operations and Significant Accounting Policies (continued)

i. Due to/from Other Funds

During the course of operations, transactions occur between the Project and other funds of the Authority that may result in amounts owed between funds. Those related to goods and service type transactions that are incurred on behalf of the Project are classified as "due to other funds." At June 30, 2011 and 2010, the due to other funds amounted to \$630,610 and 612,430, respectively. Additionally, during 2011, the Project advanced to the Authority \$617,620. Amounts are reflected as "due from other fund" at June 30, 2011.

j. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Capital Assets

Capital assets activities during the year ended June 30, 2011 were as follows:

	<u>June 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2011</u>
Capital assets, being depreciated:				
Building	\$ 5,943,235	\$ -	\$ (5,943,235)	\$ -
Equipment - Portable	77,588	-	(77,588)	-
Furniture	25,631	-	(25,631)	-
	<u>6,046,454</u>	<u>-</u>	<u>(6,046,454)</u>	<u>-</u>
Accumulated depreciation:				
Building	(2,873,972)	(149,534)	3,023,506	-
Equipment - Portable	(77,588)	(515)	78,103	-
Furniture	(11,365)	-	11,365	-
	<u>(2,962,925)</u>	<u>(150,049)</u>	<u>3,112,974</u>	<u>-</u>
Capital assets, net	<u>\$ 3,083,529</u>	<u>\$ (150,049)</u>	<u>\$ (2,933,480)</u>	<u>\$ -</u>

Hawaii Public Housing Authority

Banyan Street Manor

Notes to Financial Statements
June 30, 2011 and 2010

2. Capital Assets (continued)

Capital assets activities during the year ended June 30, 2010 were as follows:

	<u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>
Capital assets, being depreciated:				
Building	\$ 5,943,235	\$ -	\$ -	\$ 5,943,235
Equipment - Portable	77,588	-	-	77,588
Furniture	11,365	14,266	-	25,631
	<u>6,032,188</u>	<u>14,266</u>	<u>-</u>	<u>6,046,454</u>
Accumulated depreciation:				
Building	(2,724,438)	(149,534)	-	(2,873,972)
Equipment - Portable	(77,073)	(515)	-	(77,588)
Furniture	(11,365)	-	-	(11,365)
	<u>(2,812,876)</u>	<u>(150,049)</u>	<u>-</u>	<u>(2,962,925)</u>
Capital assets, net	<u>\$ 3,219,312</u>	<u>\$ (135,783)</u>	<u>\$ -</u>	<u>\$ 3,083,529</u>

3. Mortgage Payable

The Project entered into a HUD insured mortgage note agreement in October 1976, in the amount of \$1,727,800 held in First Hawaiian Bank. In June 2003, and then in November 2010, USGI Inc. and Midland Loan Services, Inc. became the new servicing agent and mortgagee, respectively. The mortgage loan bears interest at 7.5% and is collateralized by the rental property. The monthly installments for principal and interest are \$11,370, with an original maturity date of January 1, 2018. The mortgage note was paid in full during 2011.

Mortgage payable activities during the years ended June 30, 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 123,279	\$ 245,454
Principal payments	<u>(123,279)</u>	<u>(122,175)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 123,279</u>

Hawaii Public Housing Authority

Banyan Street Manor

Notes to Financial Statements
June 30, 2011 and 2010

4. Restricted Deposits and Funded Reserves

Under the Regulatory Agreement (Agreement), the Project is required to set aside amounts for the replacement of property and other project expenditures as approved by HUD. In addition to the reserve fund for replacements, a residual receipts fund, as defined in the Agreement, shall be maintained by the Project. The use of any and all replacement reserves and residual receipts shall only be disbursed upon written consent by HUD. During 2011 and 2010, the Project did and did not comply with such requirements, respectively.

Upon the sale of the Project, the restricted replacement and residual receipts reserves were released from restriction and transferred to the new buyer (see note 1).

Replacement and residual reserves activities during the year ended June 30, 2011 and 2010 were as follows:

	<u>Replacement Reserves</u>	<u>Residual Reserves</u>
Balance, June 30, 2010	\$ 745,439	\$ 590,155
Deposit payments	46,750	-
Interest income	2,014	1,487
Less disbursements	<u>(794,203)</u>	<u>(591,642)</u>
Balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>
	<u>Replacement Reserves</u>	<u>Residual Reserves</u>
Balance, June 30, 2009	\$ 689,378	\$ 674,082
Deposit payments	71,879	16,380
Interest income	1,508	1,247
Less disbursements	<u>(17,326)</u>	<u>(101,554)</u>
Balance, June 30, 2010	<u>\$ 745,439</u>	<u>\$ 590,155</u>

Hawaii Public Housing Authority

Banyan Street Manor

Notes to Financial Statements
June 30, 2011 and 2010

5. Land Lease

In conjunction with the sale of the Project building, reserves and operating funds on May 27, 2011, as described in Note 1, the Project cancelled the original lease agreement that commenced in October 1973 with the City and County of Honolulu and entered into a new lease with the City and County of Honolulu for the lease of the land on which the building is situated and all improvements thereon. The new lease is for a term of 55 years beginning May 27, 2011. Lease rent, for a nominal amount, has been prepaid for the entire term of the lease. As part of the sales price of the Project building, reserves and operating funds on May 27, 2011, \$75 was allocated for the ground lease interest and other property, as defined in the agreement.

6. Restatement

During the previous year, the Project restated its net assets as of June 30, 2009 to correct certain balances as follows:

Net assets as of June 30, 2009, as previously reported	\$ 4,217,352
Additions:	
Mortgage payable balance	160,237
Accounts payable	249,562
Others	5,506
	<hr/>
	415,305
Less:	
Unrecorded inter-fund transactions	(405,896)
Restricted deposits and funded reserves	(164,720)
Additional depreciation expense	(40,666)
Prepaid expenses and other assets	(25,939)
	<hr/>
	(637,221)
	<hr/>
Net assets as of June 30, 2009, as restated	\$ 3,995,436

Hawaii Public Housing Authority

Banyan Street Manor

Notes to Financial Statements
June 30, 2011 and 2010

7. Management Fee

The Project entered into contracts effective January 2009 for 12 months with a property management company for a total not to exceed \$251,470. The contract was subsequently amended in January 2010 for an additional 6 months, ending July 31, 2010, in August 2010 for an additional 6 months, ending January 31, 2011, and in February 2011 for an additional 3 months, ending March 31, 2011. The total amended contract is not to exceed \$351,309. The contract includes property security, accounting, and maintenance services.

8. Subsequent Events

The Project has evaluated subsequent events through November 7, 2011, the date on which the financial statements were issued.

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards***

Board of Directors
Hawaii Public Housing Authority:

We have audited the financial statements of the Hawaii Public Housing Authority, Banyan Street Manor (the Project), as of and for the year ended June 30, 2011, and have issued our report thereon dated November 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Project is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Project's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Project's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying Schedule of Findings and Responses, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses, item 2011-01, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project's financial statements are free of a material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and management of the Hawaii Public Housing Authority, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties

KMH LLP

KMH LLP

Honolulu, Hawaii
November 7, 2011

**Hawaii Public Housing Authority
Banyan Street Manor**

Schedule of Findings and Responses
June 30, 2011

Schedule of Findings and Responses

Finding No.: 2011-01 General Ledger, Trial balance, Accounts and Files

Statement of Condition: The Project's accounting system has not been properly maintained.

Criteria: Sound internal control procedures and federal regulations require that the books and records of the Project be adequately maintained on a regular monthly basis.

Effect of Condition: The financial status of the Project and compliance with HUD requirements could not be verified nor determined.

Cause of Condition: Accounting records were inadequately maintained and not reviewed.

Recommendation: We recommend that the managing agency implement the policy of recording all transactions in accordance with US GAAP. We also recommend that bank statements be reconciled and financial statements be prepared on a monthly basis. Hawaii Public Housing Authority (the Authority) should also review the statements for accuracy, completeness, and compliance.

HPHA Response: On May 27, 2011, the Authority, with the approval of HUD, closed the sale of Banyan Street Manor apartments.

**Hawaii Public Housing Authority
Banyan Street Manor**

Schedule of Prior Year Audit Findings
June 30, 2011

Schedule of Prior-Year Audit Findings

Finding No.: 2010-02 Replacement and Residual Receipts Reserve Disbursements not Supported by Written Consent from HUD

Statement of Condition: During the year 2010, disbursements from the replacement and residual receipts reserves did not comply with the requirement of obtaining written consent by HUD.

Criteria: Regulatory Agreement entered into by the Authority.

Effect of Condition: Noncompliance with the Regulatory Agreement.

Cause of Condition: Lack of diligence.

Status: Comment no longer applicable.

FOR ACTION

MOTION: To Approve the Granting of a Non-Exclusive Electrical Easement at Puuwai Momi to the Hawaiian Electric Company for Maintenance of the Electrical Distribution System

I. FACTS

- A. Puuwai Momi is a federally-subsidized public housing project constructed in 1969 consisting of 260 residential units in 27 2- and 3-story concrete structures. Puuwai Momi is located adjacent to the Aloha Stadium.
- B. Puuwai Momi's existing electrical distribution system was designed and installed underground in concrete utility trenches with electrical transformers located in electrical rooms within the buildings and in stand-alone vaults.
- C. Due to the flooding of sections of the underground electrical conduits and termites eating the insulation of the electrical cables, numerous electrical outages have occurred and costly repairs were performed.
- D. Upon replacement of the entire electrical distribution system, HECO has agreed to takeover Puuwai Momi's electrical distribution system, which includes the responsibility to monitor and the maintenance of the electrical distribution system. HECO requires electrical easements to maintain access to the primary and secondary electrical service lines.
- E. On September 16, 2009, the Hawaii Public Housing Authority (HPHA) Board of Directors adopted Resolution No. 30 to authorize the Executive Director to submit a disposition application for the electrical easements through Puuwai Momi to the U. S. Department of Housing and Urban Development (HUD).

- F. On December 16, 2009, the HPHA issued the Notice to Proceed to Integrated Construction, Inc. to start construction on December 21, 2009 to replace the underground electrical distribution infrastructure at Puuwai Momi. HECO will install the electrical lines and transformers upon completion and acceptance of the electrical distribution infrastructure.
- G. On June 27, 2011, the HPHA contracted with AECOM Technical Services, Inc. (AECOM) to perform the surveying of the electrical easements requested by HECO. The easements required the procurement of a professional surveyor to survey the site and the preparation of the survey maps before the issuance of any approval.
- H. On July 27, 2011, AECOM completed the electrical easement map including the revisions requested by HECO. There are 23 separate electrical easements on the site.
- I. On July 29, 2011, HECO submitted the grant of non-exclusive easement at Puuwai Momi to the HPHA for signature.
- J. On July 29, 2011, the request for the Attorney General (AG) to review the non-exclusive easement at Puuwai Momi was prepared and issued.
- K. On August 17, 2011, the HPHA submitted the disposition application for the approval to grant electrical easements at Puuwai Momi to HUD's Special Applications Center (SAC) Office.
- L. On October 12, 2011, HUD Honolulu Field Office approved the request to grant HECO's electrical easements at Puuwai Momi.
- M. On November 21, 2011, the AG signed the Approved As To Form of the non-exclusive easement at Puuwai Momi.

II. DISCUSSION

- A. The construction to replace the electrical infrastructure has been suspended since April 2011 awaiting the approval of the electrical easements by HUD and the grant of non-exclusive easement by the HPHA.

- B. The granting of the non-exclusive easement will allow the construction of the electrical infrastructure to be completed and allow HECO to proceed with the installation of the primary underground electrical cables, the secondary electrical service lines, the electrical transformers and the electric meters to complete the entire electrical distribution system at Puuwai Momi.

III. STAFF RECOMMENDATION

That the HPHA Board of Directors approves the grant of non-exclusive electrical easements at Puuwai Momi to HECO.

Attachment A: Puuwai Momi Site Plan
Attachment B: Copy of Resolution No. 30
Attachment C: HUD's Easement Request Approval Letter
Attachment D: Copy of HECO's Grant of Non-Exclusive Easement
Attachment E: AECOM's Easement Map

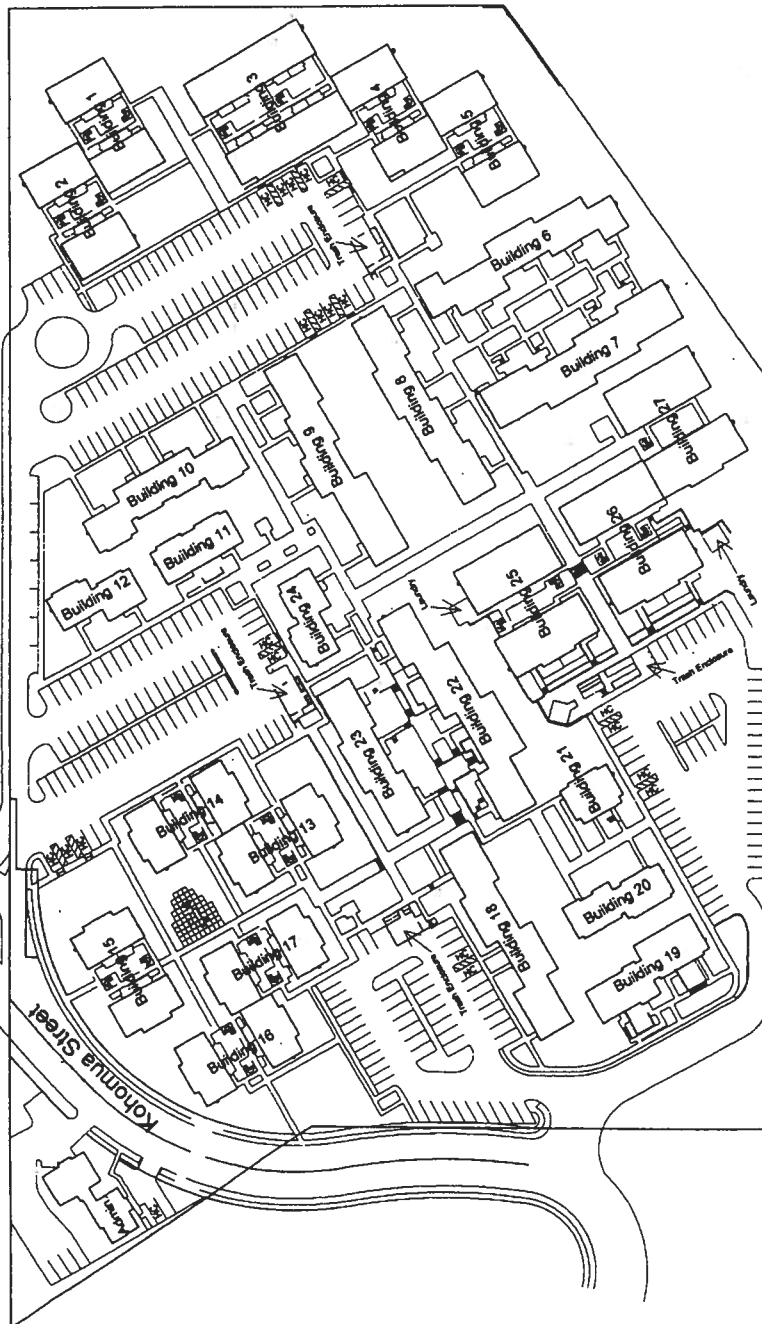
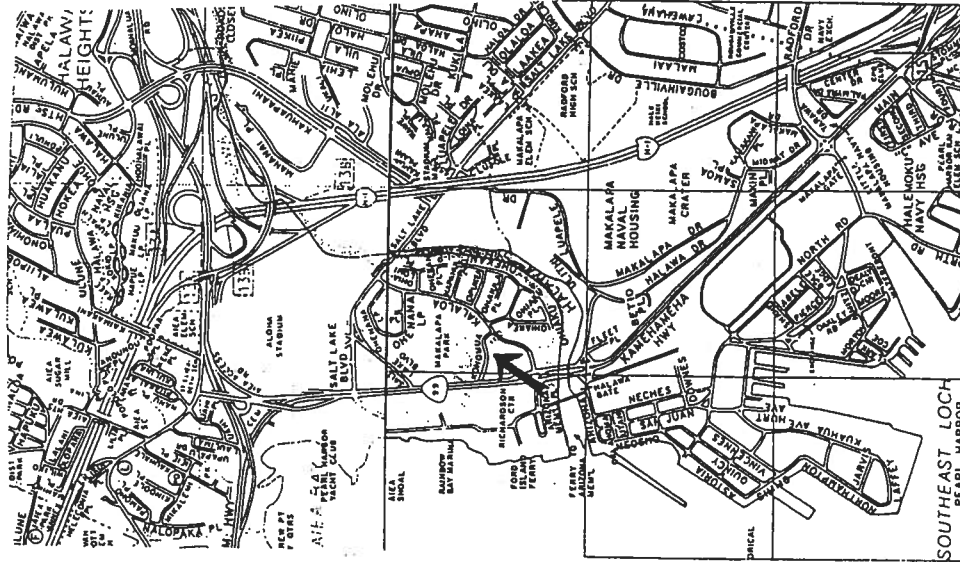
Prepared by: Mitchell H. Kawamura, Project Engineer *MLK for MK*

Reviewed by: Becky L. Choi, State Housing Development Administrator *BLC*

Approved by the Board of Directors
On the date set forth above

David Gierlach
Chairperson

Kamehameha Highway



Handicap Units
 Mobility Impaired: 1C, 3A, 4D, 8B, 7C, 7D, 8C, 8D, 15B, 22A, 22B, 23C
 Hearing / Sight Impaired: 8B, 15C, 16A, 16B, 21B, 25C

Bldg. Addresses (All numbers are for Kohomua Street)

Admin. Bldg.: 99-132	Bldg. 7: 99-173	Bldg. 14: 99-139	Bldg. 21: 99-115
Bldg. 1: 99-163	Bldg. 8: 99-171	Bldg. 15: 99-135	Bldg. 22: 99-149
Bldg. 2: 99-165	Bldg. 9: 99-169	Bldg. 16: 99-129	Bldg. 23: 99-145
Bldg. 3: 99-181	Bldg. 10: 99-165	Bldg. 17: 99-127	Bldg. 24: 99-153
Bldg. 4: 99-179	Bldg. 11: 99-157	Bldg. 18: 99-125	Bldg. 25: 99-113
Bldg. 5: 99-177	Bldg. 12: 99-159	Bldg. 19: 99-119	Bldg. 26: 99-111
Bldg. 6: 99-175	Bldg. 13: 99-141	Bldg. 20: 99-117	Bldg. 27: 99-109

HA 1-26, Puuwai Momi
 99-132 Kohomua St., Aiea, Oahu
 TMK: 9-9-3:56, 64

RESOLUTION NO. 30

**NON-EXCLUSIVE UTILITY EASEMENT AT PUUWAI MOMI TO THE
HAWAIIAN ELECTRIC COMPANY (HECO)**

WHEREAS, the Hawaiian Electric Company (HECO) has requested a perpetual, non-exclusive electrical easement throughout Puuwai Momi, 99-132 Kohomua Street, Aiea, Oahu, Hawaii, a construction project to be funded by the Capital Grant Program funds;

WHEREAS, granting the electrical easement through Puuwai Momi will allow HECO to install primary and secondary electrical wiring throughout the project;

WHEREAS, the Hawaii Public Housing Authority (HPHA) owns Puuwai Momi, a project that receives annual operating subsidies from the U.S. Department of Housing and Urban Development; and

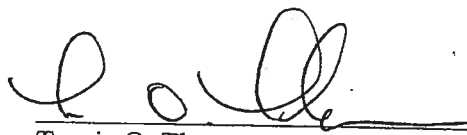
WHEREAS, the HPHA is required to obtain approval of the U.S. Department of Housing and Urban Development for the electrical easement in accordance with the Annual Contributions Contract and the Declaration of Trust that encumber the Puuwai Momi project.

BE IT RESOLVED BY THE BOARD OF DIRECTORS AS FOLLOWS:

That the HPHA Board of Directors adopts Resolution No. 30, to authorize the Executive Director to submit a disposition application for the electrical easement through the Puuwai Momi project to the U.S. Department of Housing and Urban Development.

This Resolution shall take effect immediately.

IN WITNESS WHEREOF, I have hereunto set by hand on SEP 16 2010.


Travis O. Thompson, Chairperson



11 OCT 13 A9:24

RECEIVED
HAWAII PUBLIC
HOUSING AUTHORITY

U.S. Department of Housing and Urban Development

Honolulu Field Office
500 Ala Moana Boulevard, Suite 3A
Honolulu, Hawaii 96813
<http://www.hud.gov>

October 12, 2011

Ms. Denise Wise
Executive Director
Hawaii Public Housing Authority
1002 N. School St.
Honolulu, HI 96817

Dear Ms. Wise:

Subject: Puuwai Momi Easement Request Approval

This is in response to your October 6, 2011 electronic submission request to this Office to grant HECO electrical easement to Puuwai Momi Project. We hereby approve your subject request.

If you have any questions regarding the information in this letter, please contact Jun Chung at (808) 522-8175, extension 260.

Sincerely,

Michael S. Flores
Director
Office of Public Housing

LAND COURT SYSTEM

REGULAR SYSTEM

Return by Mail () Pickup (☒)

Hawaiian Electric Company, Inc.
Survey Division
P. O. Box 2750
Honolulu, HI 96840-0001

HECO WO CE144428
HECO R/W 2009-043

Total No. of Pages _____

LOD No. _____ Tax Map Key Nos. (1) 9-9-003:056 (Lots B-1 & C) and :064 (Lot 1)

GRANT OF NON-EXCLUSIVE EASEMENT

THIS GRANT, made and entered into this ____ day of _____, 20____, by and between **HAWAII PUBLIC HOUSING AUTHORITY**, a public body and a body corporate and politic of the State of Hawaii, pursuant to Act 180 Session Laws of Hawaii 2006 (codified in chapter 356D, Hawaii Revised Statutes), hereinafter referred to as the "GRANTOR," and **HAWAIIAN ELECTRIC COMPANY, INC.**, a Hawaii corporation, whose principal place of business is 900 Richards Street, Honolulu, Hawaii and whose post office address is P. O. Box 2750, Honolulu, Hawaii 96840, hereinafter referred to as the "GRANTEE,"

WITNESSETH THAT:

The Grantor, for and in consideration of the sum of One Dollar (\$1.00), the receipt whereof is hereby acknowledged, and of the terms, conditions and covenants herein contained and on the part of the Grantee to be observed and performed, does hereby grant unto the Grantee, its successors and permitted assigns, the following non-exclusive and perpetual easement rights:

To construct, reconstruct, operate, maintain, repair and remove transformer vaults, manholes, handholes, pullboxes, underground wire lines and such other appliances and equipment as may be necessary for the transmission and distribution of

115

electricity, including all service lines emanating from the main trunk line, to be used for light and power and/or communications and control circuits, including, without limiting the generality of the foregoing, the right (but not the obligation) to trim, keep trimmed, remove, and control any trees and vegetation in the way of its lines, appliances and equipment and a right of entry upon the Grantor's land and appurtenant interests, if any, for the aforesaid purposes over, under, upon across and through those certain premises (being portions of the land described in and covered by R. P. 6717, L. C. Aw. 7712 and 8516-B to M. Kekuanaoa no Kamaikui, being also a portion of Portion "B" of U. S. Civil No. 535) situate off Kalaloa and Kohomua Streets at Halawa, Ewa, Oahu, State of Hawaii, affecting Lot 1 (further identified by Tax Map Key number 9-9-003:064), and Lots B-1 and C (further identified by Tax Map Key number 9-9-003:056); said easement being of various widths and comprised of Easement E-1 within said Lot 1, and Easements E-2 through E-23, inclusive, within said Lots B-1 and C, all located as shown on the attached Easement Map dated July 27, 2011, signed by George S. Yoshimura, LPLS No. 2927.

TO HAVE AND TO HOLD the easement rights unto the Grantee, its successors and permitted assigns in perpetuity; SUBJECT, HOWEVER, to the following terms, conditions and covenants:

1. Grantee shall maintain its appliances and equipment in a good and safe condition and repair, and shall at all times with respect to the easement area use due care for public safety and agrees to defend, hold harmless and indemnify the Grantor, its officers, agents and employees or any person acting for and on its behalf, from and against all claims or demands for damage, including claims for property damage, personal injury or death, arising on, about or in connection with the easement area, caused directly or proximately by any failure on the part of the Grantee to use the easement area and maintain its appliances and equipment in the easement area in accordance with the terms and conditions of this Indenture, or arising out of or caused by any act or omission of the Grantee.

2. The Grantor reserves unto itself, and its successors the full use and enjoyment of the easement area, and to grant to others rights and privileges for any and all purposes affecting the easement area, provided, however that the rights herein reserved shall not be exercised by the Grantor or any agent, representative or assign of the Grantor, in a manner which interferes unreasonably with the Grantee in the use of the

easement area for the purposes for which this easement is granted.

3. All improvements placed in or upon the easement area by the Grantee shall be done without cost or expense to the Grantor and shall remain the property of the Grantee and may be removed or otherwise disposed of by the Grantee at any time; provided, that the removal shall be accomplished with minimum disturbance to the easement area, which shall be restored to its original state, or as close thereto as possible to the satisfaction of the Grantor, within a reasonable time after removal.

4. Upon completion of any work performed in or upon the easement area, the Grantee shall remove therefrom all equipment and unused or surplus materials, if any, and shall leave the easement area in a clean and sanitary condition satisfactory to the Grantor.

5. This easement or any rights granted herein shall not be sold, assigned, conveyed, leased, mortgaged or otherwise transferred or disposed of, directly or by operation of law, except with the prior written consent of the Grantor, provided, however, that the Grantee may, without such consent, assign its rights hereunder to the trustee for the bondholder of the Grantee.

6. The Grantee shall keep the easement area and its improvements therein in a clean, sanitary and orderly condition, and its appliances and equipment in good and safe condition and repair, and shall not make, permit, or suffer any waste, strip, spoil, nuisance or unlawful, improper, or offensive use of the easement area.

7. The use and enjoyment of the easement area herein conveyed shall not be in support of any policy which discriminates against anyone pursuant to applicable law.

8. It is understood that the Grantee has inspected the easement area and knows the conditions thereof and fully assumes all risks incident to its use.

9. Should future development necessitate a relocation of the easement granted herein, or any portion thereof, the relocation shall be accomplished at the Grantor's own cost and expense; provided, however, that if other lands of the Grantor are available, the Grantor will grant to the Grantee

without payment of any money consideration, a substitute easement of similar width within the reasonable vicinity of the original alignment, which substitute easement shall be subject to the same terms and conditions as that herein granted and as required by law.

10. The Grantee, in the exercise of the rights granted herein, shall comply with all of the requirements of the municipal, state, and federal authorities and observe all municipal ordinances and state and federal laws, pertaining to the easement area, now in force or which may hereinafter be in force.

11. These easement rights shall cease and terminate, and the easement area shall automatically be forfeited to the Grantor, without any action on the part of the Grantor, in the event of non-use or abandonment by the Grantee of the easement area, or any portion thereof, for a continuous period of one (1) year.

12. Upon termination of the use, the easement area shall be restored to its original state, or as close thereto as possible, within a reasonable time and at the expense of the Grantee.

13. The Grantee shall not cause or permit the escape, disposal or release of any hazardous materials except as permitted by law. Grantee shall not allow the handling, storage or uses of such materials in any manner not sanctioned by law, nor allow to be brought onto the easement area any such materials except to use in the ordinary course of Grantee's business. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials by Grantee, then the Grantee shall be responsible for the reasonable costs thereof. In addition, Grantee shall execute affidavits, representations and the like from time to time at Grantor's request concerning Grantee's best knowledge and belief regarding the presence of hazardous materials on the easement area placed or released by Grantee.

The Grantee agrees to indemnify, defend, and hold Grantor harmless, from any damages and claims resulting from the release of hazardous materials on the easement area occurring while Grantee is in possession or elsewhere if caused by Grantee or persons acting under Grantee. These covenants shall survive the expiration or earlier termination of this easement.

For the purpose of this easement "hazardous material" shall mean any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, or any other federal, state, or local environmental law, regulation, ordinance, rule, or by-law, whether existing as of the date hereof, previously enforced, or subsequently enacted.

14. The Grantee shall procure and maintain, at its own cost and expense, in full force and effect throughout the term of this easement, comprehensive general liability insurance, in an amount of at least \$1,000,000.00 for each occurrence and \$2,000,000.00 aggregate, with an insurance company or companies licensed to do business in the State of Hawaii. The policy or policies of insurance shall name the State of Hawaii as an additional insured. The insurance shall cover the entire easement area, including all grounds and all roadways or sidewalks on or adjacent to the easement in the use or control of the Grantee. A claims-made policy shall meet the requirements of this section, provided that Grantee shall maintain such policy or policies throughout the easement term and for a period of three years after the termination of the easement.

The Grantee, prior to entry and use of the easement area or within fifteen (15) days after the effective date of this easement, whichever is sooner, shall furnish the Grantor with a certificate(s) showing the policy(s) to be initially in force, keep the certificate(s) on deposit during the entire easement term, and furnish a like certificate(s) upon each renewal of the policy(s). This insurance shall not be cancelled, limited in scope of coverage, or non-renewed until after thirty (30) days written notice has been given to the Grantor.

The Grantor shall retain the right at any time to review the coverage, form, and amount of the insurance required by this easement. If the insurance provisions in this easement no longer provide adequate protection for the Grantor, the insurance requirements may be modified by mutual agreement in coverage, form, and amount to provide adequate protection. The modified requirements shall be reasonable but shall be designed to assure protection for and against the kind and extent of the risks which exist at the time a change in insurance is required.

The Grantor shall notify Grantee in writing of proposed changes in the insurance requirements and Grantee shall consider such proposal in good faith. Upon agreement to modified terms, Grantee shall deposit with the Grantor copies of acceptable insurance policy(s) or certificate(s) thereof, incorporating the changes within thirty (30) days after receipt of the notice.

The procuring of the required policy(s) of insurance shall not be construed to limit Grantee's liability under this easement nor to release or relieve the Grantee of the indemnification provisions and requirements of this easement. Notwithstanding the policy(s) of insurance, Grantee shall be obligated for the full and total amount of any damage, injury, or loss caused by Grantee's negligence or neglect connected with this easement.

It is agreed that any insurance maintained by the Grantor will not apply in excess of, and not contribute with, insurance provided by Grantee's policy.

15. If any provision of this Grant as applied to any party or to any circumstances shall be found to be void or unenforceable for any reason, the same shall in no way affect any other provision or under circumstances different from those found to be unenforceable, or the validity or enforceability of this Grant as a whole.

16. The parties agree that this instrument may be executed in counterparts, each of which shall be deemed an original, and the counterparts shall together constitute one and the same instrument, binding all parties notwithstanding that all of the parties are not signatory to the same counterparts. For all purposes, including, without limitation, recordation, filing and delivery of this instrument, duplicate unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document.

[Signatures begin on the following page]

GRANTOR:

HAWAII PUBLIC HOUSING AUTHORITY,
a public body and a body
corporate and politic of the
State of Hawaii, pursuant to Act
180 Session Laws of Hawaii 2006
(codified in chapter 356D, HRS)

APPROVED AS TO FORM

**Attorney General of the State
of Hawaii**


Name: _____
Its: Deputy Attorney General

By: _____
Its: Executive Director

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

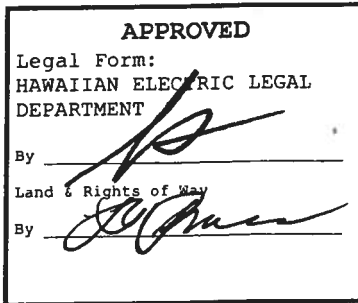
On this ____ day of _____, 20____, before me
appeared _____, personally known to me, who,
being by me duly sworn, did say that (s)he is the
_____ of HAWAII PUBLIC HOUSING AUTHORITY, a
public body and a body corporate and politic of the State of
Hawaii, that the seal affixed to the foregoing instrument is the
corporate seal of the corporation, and that this ____-page (doc
description) GRANT OF NON-EXCLUSIVE EASEMENT dated _____,
was signed and sealed on behalf of the corporation by authority
of its Board of Directors, and the said officer acknowledged the
instrument to be the free act and deed the corporation.

[Affix Seal]

Name:
Notary Public, State of Hawaii

Judicial Circuit

My commission expires: _____



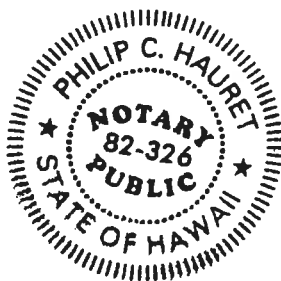
GRANTEE:
HAWAIIAN ELECTRIC COMPANY, INC.,
a Hawaii corporation

By Susan A. Li
Name: **SUSAN A. LI**
Title: **VICE PRESIDENT**

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

On this 7th day of November, 2011, before me
appeared SUSAN A. LI, to me personally known, who,
being by me duly sworn, did say that such person is the
VICE PRESIDENT of HAWAIIAN ELECTRIC COMPANY, INC., a
Hawaii corporation, and that said 9-page instrument entitled
GRANT OF NON-EXCLUSIVE EASEMENT, dated Undated, was
signed on behalf of said corporation by authority of its Board
of Directors, and said Officer acknowledged said instrument to
be the free act and deed of said corporation. This
acknowledgement is deemed to include my notary certification.

[Affix Seal]



Philip C. Hauret
Name: **PHILIP C. HAURET**
Notary Public, State of Hawaii
First Judicial Circuit
My commission expires: Dec. 3, 2012

KAMEHAMEHA HIGHWAY

SALT LAKE BOULEVARD

KOHOMUA STREET

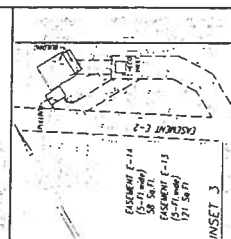
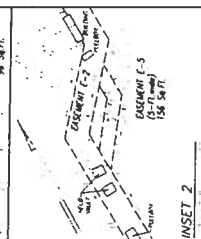
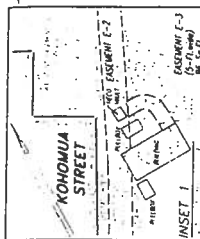
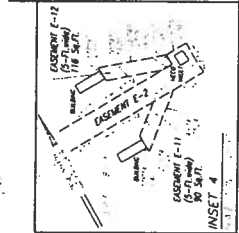
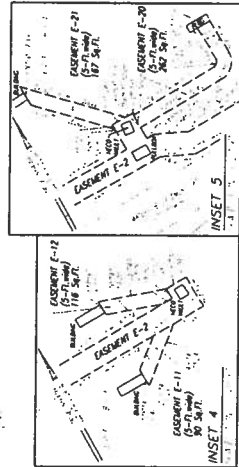
KALALOA STREET

EASEMENT MAP

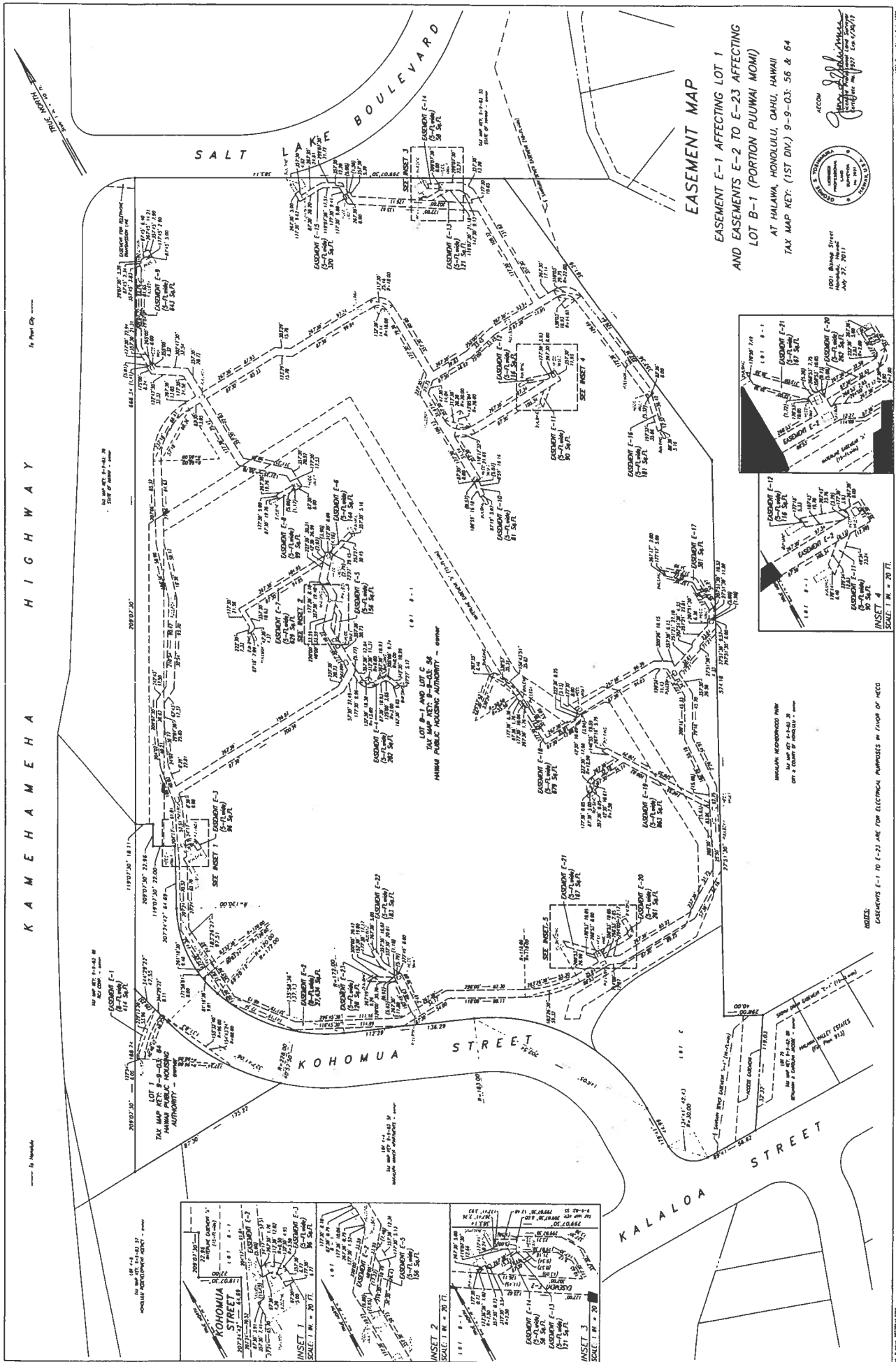
EASEMENT E-1 AFFECTING LOT 1
AND EASEMENTS E-2 TO E-23 AFFECTING
LOT B-1 (PORTION PUUWAI MOMI)
AT HALAWA, HONOLULU, OAHU, HAWAII
TAX MAP KEY: (1ST DIV.) 9-9-03: 56 & 64



James J. Johnson



ALCOM



FOR ACTION

SUBJECT: To Authorize the Executive Director to Execute a Long Term Lease with the County of Hawaii for the Use of a HUD Approved Disposition Parcel of Land at Lanakila Homes for the New County Fire Department, and to Undertake All Actions Necessary to Obtain Approval of Said Lease

I. FACTS

- A. The County of Hawaii has requested to lease a portion of Lanakila Homes, located in Waiakea, South Hilo to pursue the design and construction of a modern fire station (Attachment).
- B. The current fire station, Hilo Central Fire Station, was built in 1938 and is no longer suitable for the use of the County Fire Department.
- C. The Board of Directors of the Housing and Community Development Corporation of Hawaii (HCDCH) previously approved Resolution No. 102 (May 18, 2006) to dispose of a 1.999 acre portion of the property for this purpose.
- D. The Resolution proposed a conveyance of the property in fee simple to the County, but the transfer was derailed by the passage of Act 176, Session Laws of Hawaii, 2009 (Act 176).
- E. Act 176 requires a detailed and onerous multi-step process for the sale of a fee simple interest in State-owned lands, including public hearings and the passage of a Concurrent Resolution by the Legislature.

II. DISCUSSION

- A. The County Fire Department has made the acquisition and development of this parcel a high priority.
- B. The use of a long-term lease, rather than conveyance of a fee simple interest, alleviates the requirement to follow Act 176.

- C. The County Fire Department intends to include community meeting and assembly rooms for use and enjoyment by Lanakila residents.

RECOMMENDATION

That the HPHA Board of Directors authorize the Executive Director to execute a long term lease with the County of Hawaii for the use of a HUD approved disposition parcel of land at Lanakila Homes for the new County Fire Department, and to undertake all actions necessary to obtain approval of said lease.

Attachment: County of Hawaii letter request to lease a portion of Lanakila Homes to pursue the design and construction of a modern fire station.

Prepared by: Nicholas Birck, Chief Planner



Approved by the Board of Directors
On the date set forth above

David Gierlach
Chairperson

William P. Kenoi
Mayor



William T. Takaba
Managing Director

Walter K.M. Lau
Deputy Managing Director

County of Hawai'i
Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • (808) 961-8211 • Fax (808) 961-6553
KONA: 74-5044 Ane Keohokalole Highway, Building C • Kailua-Kona, Hawai'i 96740
(808) 323-4444 • Fax (808) 323-4440

October 26, 2011

Ms. Barbara E. Arashiro
Executive Director
Hawai'i Public Housing Authority
1002 North School Street
Honolulu, Hawai'i 96817

Re: Lanakila Homes, Project No. HI001014, Waiakea, South Hilo, Island of Hawai'i
Tax Map Key: (3) 2-4-028:007 Portion

Dear Ms. Arashiro,

The County of Hawai'i (County) is requesting to lease a portion of Lanakila Homes located in Waiakea, South Hilo, Island of Hawai'i. The County intends to pursue the design and construction of a modern fire station to replace the existing Hilo Central Fire Station which was built in 1938.

The Lanakila property, located less than one-half mile away from the current site, was identified as the best possible location for the proposed new fire station. As you may know, residents of Lanakila Homes were in favor of a fire station to be located on the property during a meeting held on May 10, 2006. The disposition of a 1.9 acre portion of the subject property for a new Hilo Central Fire Station was approved by the Housing and Community Development Corporation of Hawai'i (HCDCH) Board via Resolution No. 102 on May 18, 2006. A survey map of the area being requested for the proposed fire station has also been completed and attached for your reference as Exhibit "A".

The County of Hawai'i has already completed an environmental assessment in accordance with Hawai'i Revised Statutes Chapter 343 and determined a Finding of No Significant Impact (FONSI) published in the Office of Environmental Quality Control Environmental Notice on May 8, 2008.

Prior discussions with HCDCH mainly involved fee simple conveyance of the subject property to the County. A Disposition Application to be submitted to the United States Office of Housing and Urban Development for approval of the disposition to the County was stalled due to the passage of Act 176 Session Laws of 2009 concerning the sale of ceded lands.

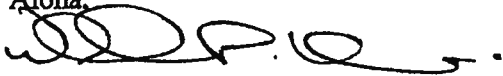
Ms. Barbara E. Arashiro
October 26, 2011
Page 2

The replacement of the Central Fire Station remains a top priority for the Hawai'i County Fire Department and the County of Hawai'i. Design and development of the site will include community meeting and assembly rooms providing commensurate public benefit for the Lanakila Homes residents as suggested during previous discussions.

We appreciate your consideration for the County to use the 1.999 acre portion of Lanakila Homes for the future site of our Central Fire Station via a long term lease at nominal lease rents. Please let us know if the Fire Department will be able to utilize this location and what steps may be required to proceed with this project.

If you have any questions, please feel free to contact Daryl Inaba with our Department of Finance, Property Management Division at (808) 961-8567.

Aloha,

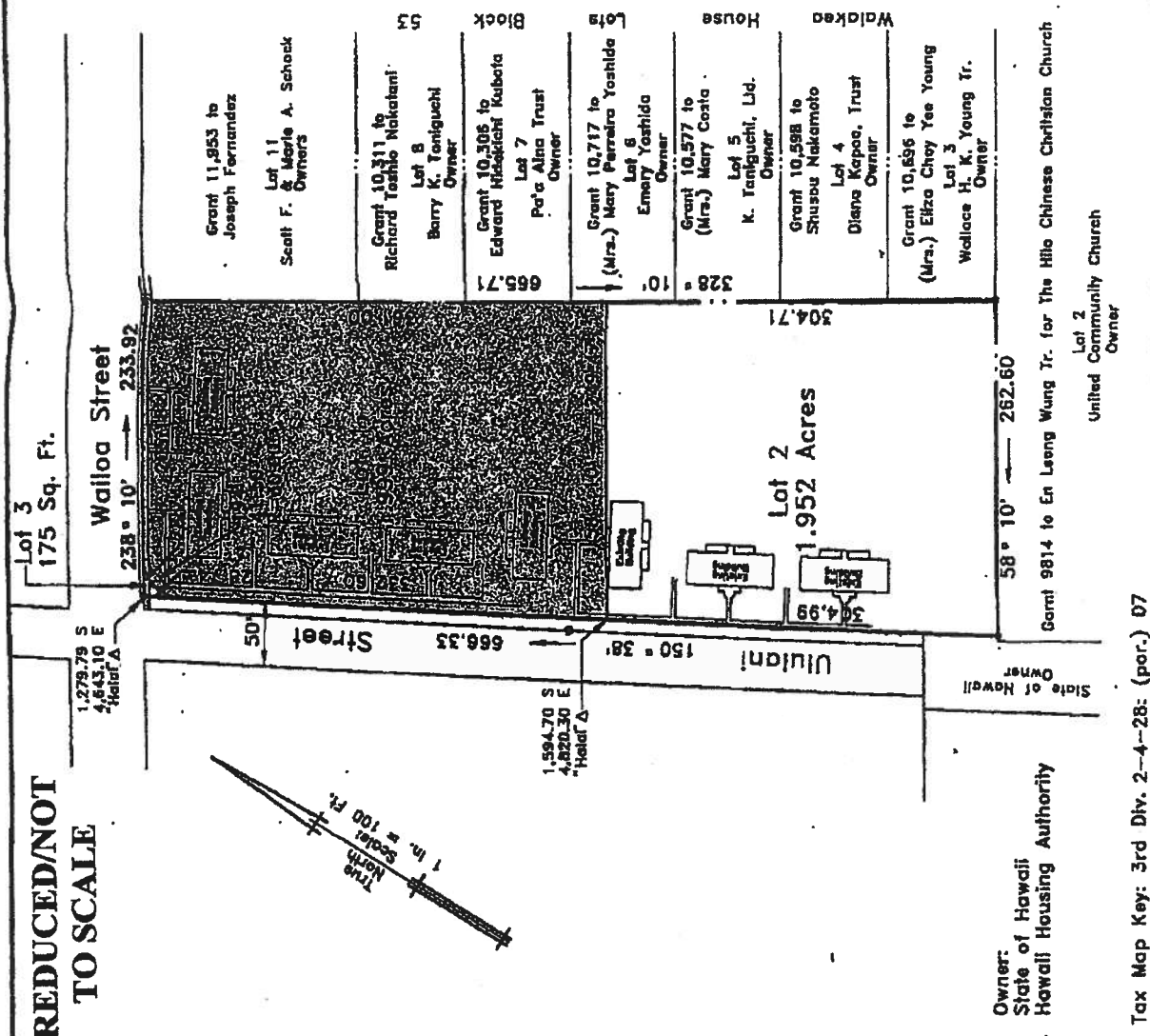


William P. Kenoi
Mayor

cc: Darren Rosario, Fire Chief

Enclosure

REDUCED/NOT
TO SCALE



Subdivision Map

Land situated at Waialea, South Hilo,
Island of Hawaii, Hawaii.

Being Grant S-13,734 to
Hawaii Housing Authority

Subdivision into Lots 1, 2 and 3.



Prepared By:
Imata and Associates, Inc.
171 Kapiolani Street
Hilo, Hawaii 96720



This work was prepared by
me or under my supervision

Natalie K. Imata

Natalie K. Imata
Licensed Professional Land Surveyor
Certificate Number 5816
Expires: April, 2006

April 7, 2006

Job Number: 04-73

EXHIBIT A

Tax Map Key: 3rd Div. 2-4-28: (par.) 07

Forthcoming

- E. Motion: To Amend the Admissions and Continued Occupancy Policy Regarding Preferences and Splitting of the Wait List and Authorize the Executive Director to Undertake All Steps Necessary to Effect Such Changes

FOR ACTION

SUBJECT: To Authorize the Executive Director to Pursue Conveyance of Remnant Parcels of Land Adjacent to Puahala Homes, From Department of Land and Natural Resources, as Part of the Kuakini Extension Project, and Undertake All Actions Necessary to Accept Said Remnant Parcel of Land

I. FACTS

- A. The City and County of Honolulu has been working since 2003 with community stakeholders and other government agencies to extend Kuakini Street, which currently ends at Lanakila Avenue. (Attachment A)
- B. The project aims to provide a more direct alignment to the signalized intersection of Kuakini Street and Lanakila Avenue and is expected to improve traffic operations in the area.
- C. As a part of this project, the HPHA was given ownership and responsibility for two parcels containing a stone wall via quitclaim deed from the Board of Land and Natural Resources in 2007 (Attachment B).
- D. The Department of Land & Natural Resources (DLNR) is currently the owner of the parcel of land through which the proposed extension of the roadway would be constructed.
- E. The parcel, TMK 16009001:0000, will be subdivided into four (4) parcels, with Hawaii Health Systems Corporation taking ownership of two (2) parcels for a parking lot expansion; one (1) parcel being developed into a garden; and two (2) remnant parcels.
- F. The parcel will go through the subdivision process through the City Department of Planning and Permitting, then conveyance will be via the Regular System.
- G. DLNR is not willing to retain ownership of the two (2) remnant parcels and the City & County cannot take ownership under county ordinance.

- H. In order to resolve this issue of ownership following the parcel subdivision process, Senator Chun Oakland and the City & County have requested that HPHA accept deed ownership of the remnant parcels.

II. DISCUSSION

- A. Accepting ownership of these remnant parcels will provide the HPHA's tenants at Puahala with better vehicular access and ease traffic congestion.
- B. The City & County has expressed its willingness to continue to maintain paved roadway portions beyond the proposed improvements of the parcel in their current state.
- C. The proposal would require the HPHA, in particular AMP 31, to take maintenance responsibility for any portions of the parcels that would remain unimproved.
- D. Senator Chun Oakland has expressed her willingness to work with the tenants at Puahala and other community groups to improve AMP 31 non-roadway portions into a community garden.
- E. HPHA's assistance in resolving this ownership issue will enable the City & County to expend \$1,000,000 in City funds and \$4,000,000 in federal funds through the Oahu Metropolitan Planning Organization Transportation Improvement Plan process; otherwise, this funding source will be unavailable and the project will not proceed.

RECOMMENDATION

That the HPHA Board of Directors Authorize the Executive Director to Pursue Conveyance of Remnant Parcels of Land Adjacent to Puahala Homes, From Department of Land and Natural Resources, as Part of the Kuakini Extension Project, and Undertake All Actions Necessary to Accept Said Remnant Parcel of Land.

Attachment A: Letter from Director Wayne Yoshioka, City and County of Honolulu Department of Transportation Services

Attachment B: Board of Land and Natural Resources Quitclaim of State's Interests in the Proposed Kuakini Street Extension Road and Adjacent Lands

Attachment C: Parcel Map provided by City and County of Honolulu Department of Transportation Services (remnant parcels indicated with pink shading)

Prepared by: Nicholas Birck, Chief Planner 

Approved by the Board of Directors
on the date set forth above

David Gierlach
Chairperson

DEPARTMENT OF TRANSPORTATION SERVICES
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 3RD FLOOR
HONOLULU, HAWAII 96813
Phone: (808) 768-8304 • Fax: (808) 768-4730 • Internet: www.honolulu.gov

PETER B. CARLISLE
MAYOR



RECEIVED
HAWAII PUBLIC
HOUSING AUTHORITY
WAYNE Y. YOSHIKAWA
DIRECTOR

KAI NANI KRAUT, P.E.
DEPUTY DIRECTOR

October 26, 2011

Ms. Denise M. Wise, Executive Director
Hawaii Public Housing Authority
1002 N. School Street
P.O. Box 17907
Honolulu, Hawaii 96817

Dear Ms. Wise:

Thank you for your September 1, 2011, e-mail, to Senator Suzanne Chun Oakland regarding our Kuakini Street Extension Project. She has forwarded your inquiries, and we are providing the following responses:

1. History of the Project: The City approved the proposed project in 2003 to extend Kuakini Street approximately 600 feet to connect to Keola Street. This project intends to alleviate the traffic congestion at the Lanakila Avenue/Keola Street intersection especially during the morning and afternoon peak traffic hours. The project will provide a more direct alignment to the signalized intersection of Kuakini Street and Lanakila Avenue and is expected to improve traffic operations in the area. There have been numerous unsolved iterations regarding ownership and funding. The current proposal seeks to partially resolve the ownership issue by assigning the respective road parcels and remnants to Hawaii Public Housing Authority (HPHA) thereby settling the problems of the City and the Department of Land & Natural Resources (DNLR) regarding acceptance of future ownership.
2. Current ownership while the DNLR may dispute the remnant parcel and how the transfer will occur: Our survey consultant has determined that the current owner of the parcel is the DNLR. The parcel needs to go through the subdivision process through the City Department of Planning and Permitting and then conveyance will be via the Regular System (not Land Court).
3. If the City is willing to maintain the parcel for the HPHA, that would need to be confirmed and IGA proposed: The City is willing to continue to maintain (paved) roadway portion beyond the proposed improvements of the parcel in its current state.

Should you have any questions, please contact me at 768-8303.

Very truly yours,

A handwritten signature in black ink, appearing to read "Wayne Y. Yoshikawa", is written over the typed name and title.

Wayne Y. Yoshikawa
Director

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

October 26, 2007

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 040D-327

OAHU

Quitclaim of State's Interests, if Any, in the Proposed Kuakini Street Extension Road and Adjacent Lands to the City and County of Honolulu and Hawaii Health Systems Corporation; Acceptance of a Quitclaim Deed from the City and County of Honolulu, and Set Aside to Hawaii Public Housing Authority for Stonewall Encroachment, Kapalama, Oahu, Tax Map Key: (1) 1-6-9:1 and Proposed Kuakini Street Extension Road.

APPLICANT:

City and County of Honolulu (City) whose business and mailing address is 250 South King Street, Honolulu, Hawaii 96813.

Hawaii Health Systems Corporation (HHSC) whose business and mailing address is 3675 Kilauea Avenue, Honolulu, Hawaii 96816.

Hawaii Public Housing Authority whose business and mailing address is 1002 North School Street, Honolulu, Hawaii 96817.

REQUEST:

1. Quitclaim State's interest, if any, in the proposed Kuakini Street Extension Road and adjacent lands to the City and County of Honolulu.
2. Quitclaim State's interest, if any, on the adjacent lands to the Hawaii Health Systems Corporation.
3. Accept a quitclaim deed from the City and County of Honolulu for portions of Parcel 1 (roadway).
4. Set aside to Hawaii Public Housing Authority for two (2) stonewall encroachments.

LEGAL REFERENCE:

Sections 171-11, 95(a)(5) and 264-2, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Kapalama situated at Honolulu, Oahu, identified by Tax Map Key: (1) 1-6-9:1 and Proposed Kuakini Street Extension Road, as shown on the attached map labeled Exhibit A.

AREA:

To be determined by survey.

ZONING:

State Land Use District: Urban
City & County of Honolulu CZO: R-5

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State
Constitution: YES _____ NO x

CURRENT USE STATUS:

Portions of the Proposed Kuakini Extension Road is an existing County road and vacant. Portions of Parcel 1 is an existing County road and vacant.

CONSIDERATION:

Not applicable.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

This action before the Board is merely a transfer of ownership and does not constitute a use of State lands or funds, and therefore, this action is exempt from the provisions of Chapter 343, HRS, relating to environmental impact statements. Inasmuch as the Chapter 343 environmental requirements apply to Applicant's use of the lands, the Applicant shall be responsible for compliance with Chapter 343, HRS, as amended.

APPLICANT REQUIREMENTS:

Applicant (City) shall be required to:

- 1) Provide survey maps and descriptions according to State DAGS standards and at Applicant's own cost.
- 2) Subdivide the current parcel into two parcels while also carving out the stonewall encroachments.

BACKGROUND:

At its December 10, 2004 meeting, under Item D-22, the Land Board approved the conveyance of State lands to the City and County of Honolulu for the City's Department of Transportation Services for their Proposed Kuakini Street Extension Project. The project involves the construction of a roadway connecting Kuakini Street to Hala Street and creating a 4-way intersection at Kuakini Street and Lanakila Avenue. (Exhibit A) The Board's approval also included a construction and management right-of-entry to be issued to the City. No further action was taken by the City pursuant to the Board's December 10, 2004 approval.

On March 31, 2006, staff met with City Director Melvin Kaku from the Department of Transportation Services and Mr. Reid Yamashiro, Deputy Corporation Counsel to inquire if the City was going to proceed with the Project. Mr. Kaku indicated this Project does not meet the Mayor's three (3) points, is under funded (short \$800,000) and is a low priority due to other emergencies. The City would consider an easement without the remnants as maintenance of the remnants would be costly for the City. Staff informed Mr. Kaku that the State would not accept having remnants left behind for the State to maintain and be potentially liable for.

Our meeting ended with the understanding the State would recommend that the Land Board rescind its December 2004 approval. The State would then step in and secure, clean-up and maintain the State property upon cancellation of the prior Board action. At its April 13, 2006 meeting, under Item D-10, the Land Board rescinded its prior approval of December 10, 2004. Land Division paid a contractor to clean-up the property.

Since then, discussions have continued with participation from Senator Suzanne Chun-Oakland, Representative Corrine Ching, Councilman Rod Tam, and other community stakeholders. The main objective was to find workable solutions that would allow for the construction of the Kuakini Street extension while not requiring the State to maintain any remnant portions of the parcel.

ANALYSIS:

It is our understanding that the City does not want to accept the conveyance of the entire State parcel for the Kuakini Street Extension Project primarily for two reasons. First, the City's Department of Transportation Services (DTS) does not want to be responsible for two (2) small stonewall encroachments situated makai of the planned road because they believe those walls might collapse during construction. Second, DTS claims that it does not have the financial resources or staffing to improve and maintain any areas of land outside of the area necessary for the road itself. DTS ideally only wants sufficient lands for the physical road on the ground, thus creating two (2) small remnant parcels mauka and makai of the planned road. This is unacceptable to the State as this would raise

maintenance and liability concerns for the State.

Lengthy discussions continued into 2007 between government officials, HHSC representatives, and the area residents to develop a win-win proposal. On October 11, 2007 a letter was sent to Mr. Jeff Coelho, Director of Customer Services, (Exhibit B), which proposed the following:

1. Proceed with subdividing the parcel into two pieces of which the makai right-of-way area which will then be conveyed to the City together with the lands necessary for the planned road realignment (the Kauakini Extension project). This subdivision would allow DTS to proceed with its plans on constructing the improvements for the Kuakini Street Extension project.
2. From the makai portion of the parcel, the two (2) small stonewall encroachments would be subdivided out. These stonewall encroachments are part of the existing stonewall located on lands encumbered by Governor's Executive Order No. 1274 to Hawaii Housing Authority (now Hawaii Public Housing Authority) for the Lanakila Emergency Homes. Recommend to the Governor a set aside to Hawaii Public Housing Authority. This will ensure the integrity of the stonewall and that it is properly cared for by Hawaii Public Housing Authority.
3. HHSC has expressed an interest in accepting the mauka remnant parcel next to Keola Road to be used as additional parking for Maluhia Hospital staff. The area residents have requested that certain covenants be placed in the deed to HHSC restricting its use of the parcel to parking purposes only. The Board of Directors of HHSC is expected to approve these covenants at its next meeting. Staff has no objections to processing such a conveyance to HHSC.
4. Within the mauka remnant, intended for conveyance to HHSC, is a portion of Keola Road that is currently laid out as an existing road which is paved and maintained by the City. Within this mauka parcel is a portion of Keola Road that will not be needed as a result of the Kuakini Street extension project. The City will need to quitclaim its interest in this portion of Keola Road to the State prior to the State's conveyance to HHSC.
5. At least 10 feet or more of Keola Road, representing approximately one-half of the current roadway, is located in the State mauka remnant parcel. This portion of the current roadway that is on the State parcel will be conveyed to the City as it is laid out as an existing road that is paved and maintained by the City. The other half of Keola Road, i.e. the adjacent 10 feet or so of Keola Road, is private property. The two-lane road needed by the residents for ingress and egress will be satisfied by this combination of private and

City road.

CONCLUSION:

This proposal allows the City to proceed with the Kuakini Street Extension Project. Maluhia Hospital will have nearby additional lands for a small parking lot for its employees.

Staff has provided for the issuance of a right-of-entry to the City and County of Honolulu. This will allow the City to proceed with due diligence tasks (survey, subdivision, etc.) necessary to complete the conveyance and to commence their project.

RECOMMENDATION: That the Board:

1. Subject to the Applicant fulfilling all of the Applicant requirements listed above, authorize the quitclaim of interests, if any, the State may have in the subject roadway parcel and portions of Parcel 1 to the City and County of Honolulu covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - A. The standard terms and conditions of the most current quitclaim deed (roads) form, as may be amended from time to time;
 - B. Review and approval by the Department of the Attorney General; and
 - C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
2. Authorize the quitclaim of interests, if any, the State may have in the remainder of the subject roadway parcel and portions of Parcel 1 to the Hawaii Health Systems Corporation covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - A. The standard terms and conditions of the most current quitclaim deed form, as may be amended from time to time;
 - B. Review and approval by the Department of the Attorney General; and
 - C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
3. Authorize the acceptance of a quitclaim of interests, if any, the City and County of Honolulu may have in the subject roadway parcel located on a portion of Parcel 1 to the State of Hawaii, subject to the following:
 - A. Review and approval by the Department of the Attorney General;

and

- B. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
- 4. Approve of and recommend to the Governor the issuance of an executive order setting aside a portion of the subject lands to Hawaii Public Housing Authority under the terms and conditions cited above, which are by this reference incorporated herein and subject further to the following:
 - A. The standard terms and conditions of the most current executive order form, as may be amended from time to time;
 - B. Disapproval by the Legislature by two-thirds vote of either the House of Representatives or the Senate or by a majority vote by both in any regular or special session next following the date of the setting aside;
 - C. Review and approval by the Department of the Attorney General; and
 - D. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
- 5. Authorize the issuance of a right-of-entry permit to the City and County of Honolulu covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - A. The standard terms and conditions of the most current right-of-entry permit form, as may be amended from time to time and
 - B. Such other terms and conditions as may be prescribed by

Respectfully Submitted,

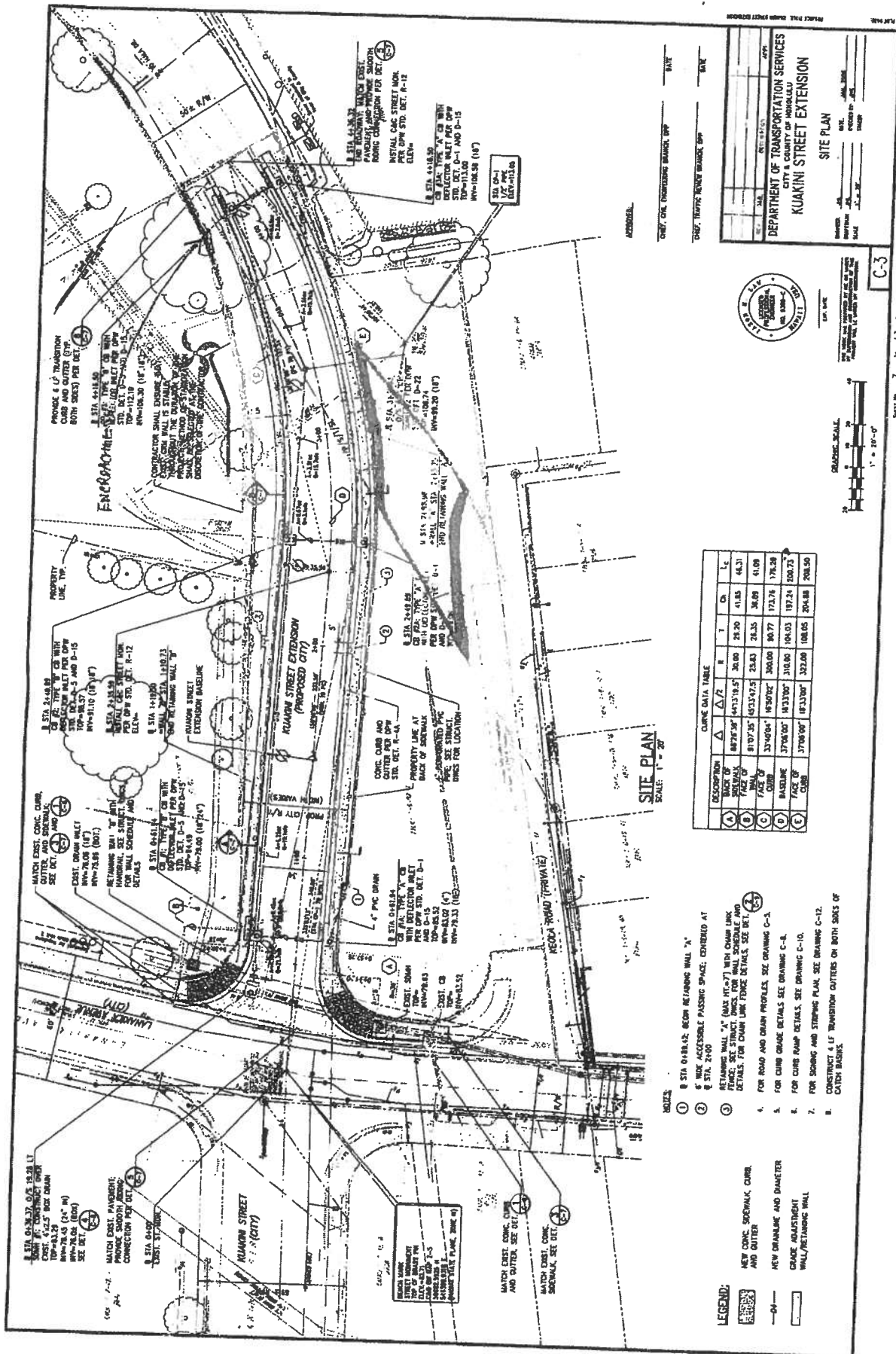


Charlene E. Unoki
Assistant Administrator

APPROVED FOR SUBMITTAL:



Laura H. Thielen, Chairperson



DEPARTMENT OF CUSTOMER SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 302-A, HONOLULU, HAWAII 96813
TELEPHONE: (808) 523-4740 FAX: (808) 527-6682
<http://www.honolulu.gov>

MUFI HANNEMANN
MAYOR



JEFF J. COELHO
DIRECTOR

HUBERT P. MINN
SENIOR ADVISOR

October 9, 2007

The Honorable Rod Tam
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Councilmember Tam:

The following is provided in response to your question for a timeline regarding the Kuakini Street Extension. We are awaiting the proposal from DLNR regarding minimum land requirements for the roadway construction.

In order to possibly encumber existing funds by December 31, 2007, we need to complete the bid process by December 16, 2007, with advertising for the project placed by November 6, 2007. To begin the bid process, we require completion of the conveyance of the proposed right of way.

In summary:

- Receive the DLNR proposal by October 12, 2007.
- Review with comments and return to DLNR by October 22, 2007.
- Receive final acceptable offer from DLNR by October 26, 2007.
- All documentation completed prior to advertisement of bid.
(November 6, 2007)

Any attempt to place new monies for FY09 would need to be done by November 15, 2007. While this would meet the CIP cutoff date for submittal by the administration, it is unclear if the project would make it to the recommended CIP list for FY09.

Yours truly,

A handwritten signature in black ink, appearing to read "Jeff Coelho", followed by a horizontal line.

Jeff J. Coelho
Director

cc: Senator Suzanne Chun-Oakland

EXHIBIT "B" 79

LINDA LINGLE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

OCT 11 2007

LAURA H. THIELEN
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

KEN C. KAWAHARA
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Mr. Jeff J. Coelho
Director of Customer Services
City and County of Honolulu
539 S. King Street, Room 302A
Honolulu, Hawaii 96813

SUBJECT: Kuakini Street Extension Project

Dear Mr. Coelho:

It is my understanding that the City and County of Honolulu (County) desires to obtain a portion of the State parcel identified as TMK: (1) 1-6-9:1 (Parcel 1) for use in constructing the Kuakini Street Extension Project. It is also my understanding that Hawaii Health Systems Corporation (HHSC) has expressed an interest in the portion of the above identified parcel on the mauka side of the Kuakini Street Extension Project next to Keola Road. Upon approval by the County and HHSC, Land Division's staff will recommend to the Board of Land and Natural Resources (Board) the following:

1. Convey to the County the portion of Parcel 1 necessary for the proposed Kuakini Street extension on the ground and any other areas makai of the extension for the City's project. This area is shaded on the attached map in red. This area would not include any of the rock wall adjoining Parcel 1 which are currently located on the adjoining parcel. There are currently two minor encroachments of the rock wall onto Parcel 1. These encroachments, shaded in blue, will be subdivided out from Parcel 1 prior to conveyance of the portion of Parcel 1 to the County. This conveyance would be subject to the following conditions:
 - a. The County will be required to process and obtain subdivision at Applicant's own cost; and
 - b. Provide survey maps and descriptions according to State DAGS standards and at Applicant's own cost.
 - c. The County would be required to remove all construction materials and debris from the surrounding areas upon completion of the roadway.

EXHIBIT "C"

2. Convey to HHSC the remaining portion of Parcel 1 mauka of the proposed Kuakini Street Extension Project upon terms acceptable to HHSC and the area residents. This area is shaded on the attached map in yellow.

The conveyance to HHSC would be subject to the condition that the County execute a quitclaim deed to a portion of the existing Keola Road to the State so that the State may in turn convey the entire remaining portion of Parcel 1, including access to the parcel, to HHSC. The portion of the existing Keola Road which the State would require to be quitclaimed is shaded in green. There is still a portion of Keola Road that would be retained by the County which is along the mauka boundary of Parcel 1. This would enable the portion of Keola Road that services the local residents to remain as a two lane road. The portion that is to be retained by the County is shaded in purple. The remainder of Keola Road that is not shaded is believed to be the private property of the area residents.

Based on the Board's prior action of December 10, 2004, in which the Board approved the conveyance of the entire parcel to the County for purposes of the Kuakini Street Extension Project, it is likely that the Board will approve this modified conveyance.¹

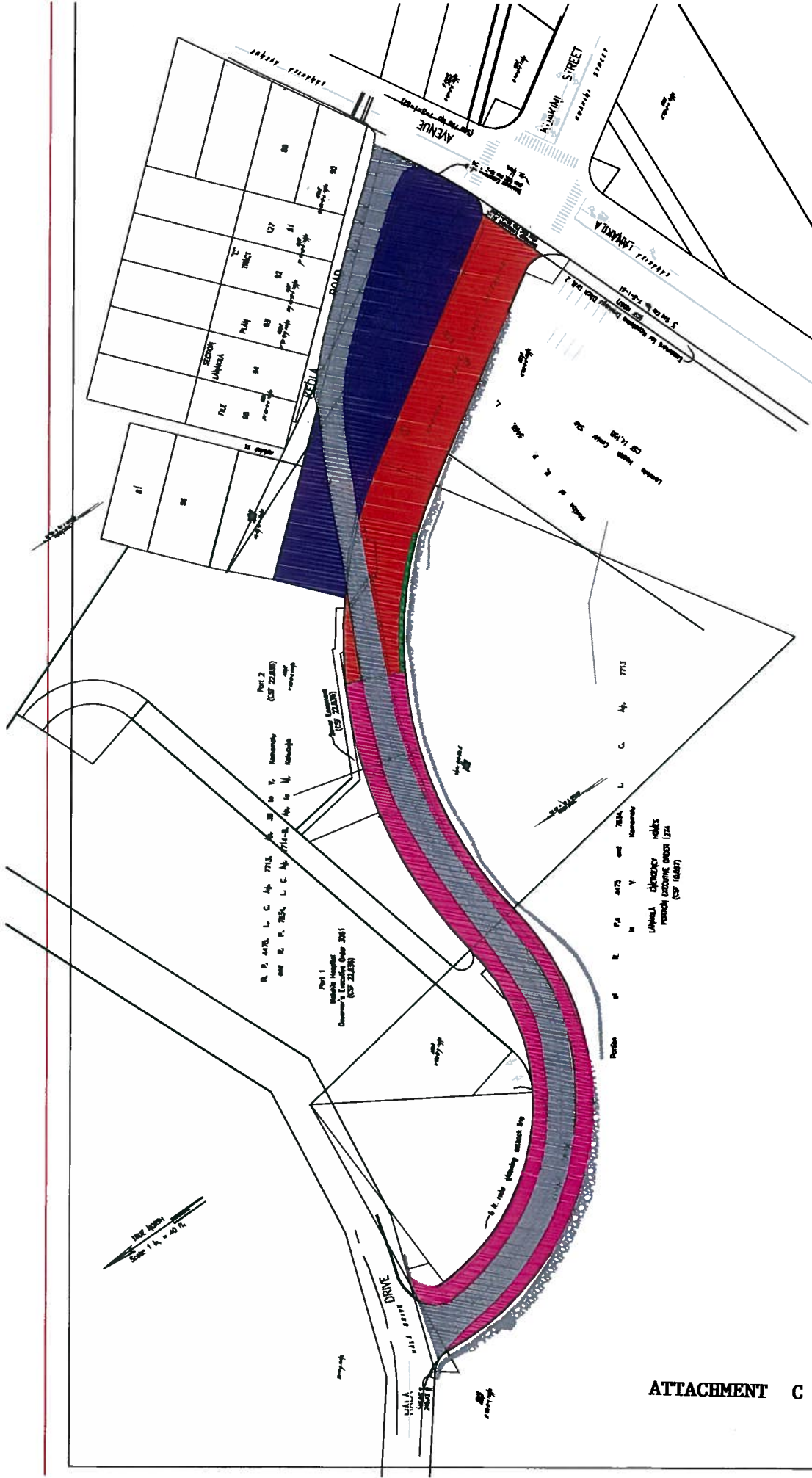
If the above conceptual plan is acceptable to the County, contact Charlene Unoki of our Land Division at 587-0426 to complete the transaction as outlined above. Thank you.

Sincerely,


for Laura H. Thielen
Chairperson

Cc:

¹ The approval of the conveyance of the entire parcel was subsequently rescinded on April 13, 2006, upon request from the County.



PARCEL MAP
 DEPARTMENT OF DESIGN AND CONSTRUCTION
 DIVISION OF LAND SURVEY AND ACQUISITION
**KUAKINI STREET
 EXTENSION**
 AT KAPALANA, HONOLULU, OAHU, HAWAII

DATE	10/10/2018
BY	10/10/2018
FOR	10/10/2018
PROJECT	10/10/2018
FILE	10/10/2018
REVISION	10/10/2018
APPROVED	10/10/2018
REVIEWED	10/10/2018
DESIGNED	10/10/2018
DRAWN	10/10/2018
CHECKED	10/10/2018
IN CHARGE	10/10/2018

This map was prepared by me
 or under my direct supervision
 and I am a duly licensed
 Professional Land Surveyor
 in the State of Hawaii
 License Number 12345

**PLAN SHOWING
 PARCELS 1 AND 2 INCLUSIVE
 AND EASEMENT R-1
 FOR ROADWAY PURPOSES
 AT KAPALANA, HONOLULU, OAHU, HAWAII**

**Executive Director's Board Status Report
December 2011/January 2012**

I. Accomplishments for the Month of December 2011

Major Programs

A. Public Housing

- Continue assessment of HPHA's properties for environmental design issues to improve crime prevention. PMMSB monitor is conducting site visits to all properties.
- Training from the following departments was provided to PMMSB staff: Procurement, Hearings, Compliance and Planning.
- New Monitoring instructions were discussed at the December manager meeting. Newly created forms including a delinquent account tracking log for rent collection efforts was introduced at the December manager meeting, this form will be used by staff to determine what accounts are outstanding and track the account for payment plans and eviction action.
- PHAS requirements were discussed at December manager meeting. All staff in attendance was reminded that occupancy, rent collection and paying bills on time is the top priority.
- National Center for Housing Management completed inspection of all properties for accessibility compliance.
- AMP 30- Puu Wai Momi- Deputy Manager to assist with management duties.
- AMP 32 Kamehameha Homes- REAC score was challenged by HPHA staff and resulted in the rescore of 76.
- AMP 38- Kauai also received a re-score of 61. A passing score is 60.
- AMP 38 –Kauai- Overall Accounts Receivable has been reduced by \$100k since August 2011.
- AMP 39 Maui- Completed REAC inspections on November 14 & 15, 2011 and received a score of 96.
- AMP 40 – Kuhio Homes began filling pot holes on Linapuni Street.

- AMP 43- Kona - Management held resident meetings at all 5 properties, various issues were discussed from pets, visitors on property, drinking, drug use, association meetings, unit and property cleanliness.

B. Section 8 Subsidy Programs

- For Section 8 Subsidy Activities in December 2011 see Program Reports.

C. Construction Management Branch

Large Capacity Cesspools

- Contract documents for Willocks Construction are being executed to award work at Kealakehe, Hale Hauoli and Lokahi on the Big Island.

Administrative Services

A. Compliance Office

- Resolved approximately 28 tenant requests for reasonable accommodations under Section 504 of the Rehabilitation Act and the Fair Housing Act as follows:
 - 9 for transfers to ADA accessible or ground floor units.
 - 6 for transfers for other reasons.
 - 5 for installation and use of air conditioner.
 - 4 for service or comfort animals.
 - 0 for a reserved parking stall.
- Provided reasonable accommodations training for new PMMSB staff and responded to questions from AMP staff regarding streamlined reasonable accommodation forms and procedures.

B. Planning and Evaluation Office (PEO)

- Published Draft PHA 5-Year Plan amendment and PHA Annual Plan for Fiscal Year for Public Comment
- Scheduled PHA 5-Year and Annual Plan public hearing to occur at six locations statewide on February 9, 2012.
- Received Governor's approval to go to public hearing on draft amendment to 17-2021, Hawaii Administrative Rules.

Media Inquiries

- Received inquiry from Governor's Office for site visits to the Kona properties. Coordinated site visits to all of AMP 43's five properties. Pending scheduled visits to AMP 46.
- Received media inquiry from Garden Island News regarding tree removals at Kekaha, Kauai. Provided comments regarding the policies of the HPHA with respect to tree trimming. Published story appeared on front page of newspaper.
http://thegardenisland.com/news/local/kekaha-public-housing-residents-go-from-paradise-to-living-hell/article_b31f3b42-20b1-11e1-888d-0019bb2963f4.html
- Received UIPA request for records pertaining to two individuals, processing Notice to Requester.
- Procured and received Adobe Creative Suite software to improve capacity of Housing Information Office to develop professional visual products.
- Received media inquiry from Hawaii Public Radio regarding new Executive Director. Worked with DHS Communications to develop press release for new Executive Director.

Legislative

- Coordinated meeting to discuss community issues between Representative Aaron Ling Johanson, Pu`uwai Momi AMP manager, PMMSB and PEO.
- Coordinated Senate Committee on Human Services Information Briefing. Presented on December 14, 2011 at 2:30 PM.
- Responded to request from Senator Gilbert Kahele's office for status update on Lanakila redevelopment. Provided a full historic report.
- Prepared final drafts of two legislative proposals; received Governor's approval.
- Coordinated and attended meeting with OED and Representative Joey Manahan regarding his district which contains Towers at Kuhio Park.

- Responded to requests for information from the House Committee on Finance and Senate Committee on Ways and Means regarding budget, CIP expenditure statuses.
- Continue to work extensively over the past two months with Department of Human Services, Budget Office, Budget and Finance, and staff to complete the CIP supplemental year budget request.
- Coordinated responses to requests for information from Representative Pono Chong; attended meeting with Rep Chong and Representative Kyle Yamashita regarding vacant units and CIP.
- Coordinated and prepared Annual Report to the Legislature. Received Governor's approval to submit to Legislature.

C. Fiscal Management Office

For Fiscal Management Office Activities, see Financial reports.

D. Contracts and Procurement

For Solicitations and Contracts Issued in December 2011 see Program Reports.

E. Information Technology Office

- Set up 15 new computers at AMPs and PMMSB; Set-up will continue through January 2012.

F. Hearings Office

For Hearings Office Activities in December 2011 see Program Reports.

G. Personnel

Summary of HPHA Staffing Turnover for FY 2012

Staffing as of December 31, 2011, Full-time Equivalent positions:

Filled positions: 262

Vacant positions:	88
Total FTEs:	350
New Hires:	7
Resigned/Retired:	4

Recruitment:

- Interviews held, results/ start date/job offers:
 - Public Housing Supervisor VI (PMMSB). Non selection.
 - Public Housing Supervisor V (Section 8). Pending recommendation.
 - Public Housing Supervisor IV (AMP 35). Non selection.
 - Public Housing Supervisor III (AMP 38). Non selection.
 - Project Engineers (2 positions). Pending recommendation.
 - Social Services Aide IV (AMP 35). Start 1/4/12.
 - Account Clerk II (AMP 32/33). Non selection.
 -
- Eligible list received; interviews scheduled:
 - Personnel Management Specialist IV. Interviews scheduled for January.
 - Public Housing Specialist I (AMP 35). Interviews scheduled 1/4/12.
 - Office Assistant III (Construction Branch). Interviews scheduled 1/4/12 – 1/12/12.
 - Housing Inspector I (Section 8). Interviews scheduled for mid January.
 - Social Service Aide IV (AMP 38). Interviews scheduled for

Safety/Workers Compensation:

- Received one injury with no lost time.

II. Planned Activities for the Month of January 2012

Major Programs

A. Public Housing

- Submit final draft of updated dwelling lease and house rules to the Attorney General's office for review.
- PMMSB staff will meet with Weed and Seed officers regarding recent activity at Mayor Wright Homes and break in's at Kalihi Valley Homes.
- AMP 45 – Windward -Meeting to be scheduled with Management, PMMSB and Police, to address security issues, HPD response and community policing.
- AMP 46 – North Hawaii will upgrade the irrigation system at two properties to a more efficient, water conserving system, reducing operation cost while maintaining curb appeal. AMP is 45% complete with upgrade.

- AMP 46 - Community meeting for Noelani I and II scheduled for 1/11/12.

B. Section 8 Subsidy Programs

- Continue to monitor lease-up of tenant based vouchers and rent supplement program
- Continue to work with Michaels Development Company on the use of project based vouchers at Kuhio Park Terrace
- Work with Department of Veteran's Affairs to increase lease up of VASH vouchers

C. Construction Management Branch

- Continue to monitor expenditures of ARRA Capital Fund grant to close March 2012.
- Continue work with the AG's on potential litigation issues
- Follow-up with Department of Labor on investigation on wage rate non-compliance.

Administrative Services

A. Compliance Office

- Continue to administer contract with National Center for Housing Management for HPHA self-evaluation and transition plan.
- Continue to monitor timely handling and responses to requests for reasonable accommodations and modifications
- Continue to work with the AG's on current litigation issues.

B. Planning and Evaluation Office

- Work with the HPHA Board and Office of the Governor to prepare for the upcoming legislative session.
- Assist PMMSB branch with Legislative Briefing presentation on State Legislative audit for the period of July 1, 2006 through June 30, 2010.
- Compile information and begin assembling information for PHA Plan

C. Fiscal Management Office

- Continue to work with vendor and ITO on conversion to Elite.

D. Personnel

- Continue recruitment/hiring for critical and vacant positions.

BOARD MEETING PUBLIC TESTIMONY FOLLOW UP
Meeting Date: December 15, 2011

AMP	NAME	COMPLAINT	Investigation Finding	Determination	Complaint Resolution
32	Fetu Kolio	The Board should not be intimidated by the tenant monitor program that was addressed by the Senate in 2009; prolonging the program increases safety issues.	The Property Management and Maintenance Services Branch (PMMSB) submitted a "For Action" for the tenant monitor program, but this was tabled during the November 17, 2011 board meeting. The Hawaii Public Housing Authority (HPHA) representative, P. Ono, who is in charge of the tenant monitor program is meeting with Resident Advisory Board (RAB) members to make any changes and/or suggestions. PMMSB had actually suggested the tenant monitor program from the beginning and is not opposed to this program by any means, but does not have any knowledge of Senator Kidani's resolution. Marlene, Mayor Wright Homes (MWH) Association member, set up a security walk/tenant patrol training which was to be provided by the Honolulu Police Department (HPD), however, it was reported by residents that Mr. Kolio directed residents not to attend even though HPD officers were already there.		
32	Fetu Kolio	Generations of family members residing in public housing.	This is true. Mr. Kolio does have a unit at MWH and his mother also has a unit at MWH.		

FEDERAL PUBLIC HOUSING

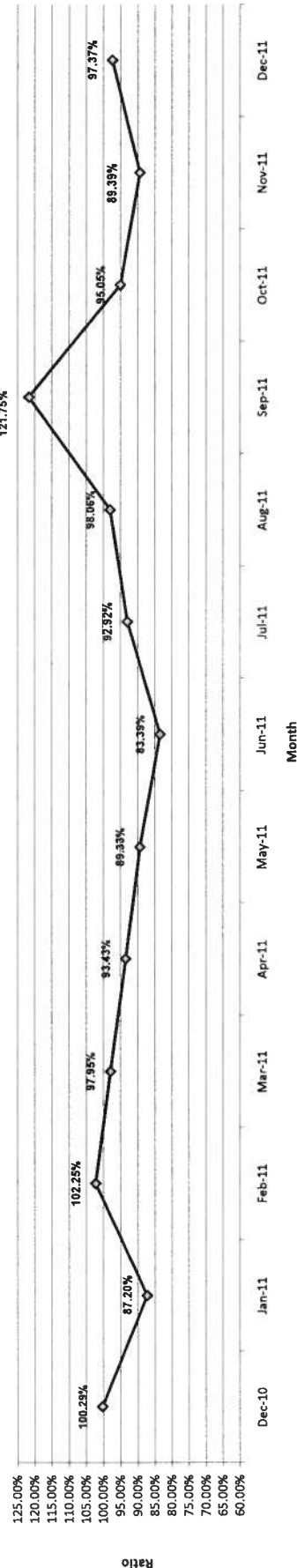
Rent Collection from December 2010 to December 2011

Cumulative (12 Months)	
10/10 - 11/11	
Charges	\$ 16,097,661.92
Collections	\$ 15,365,602.83
Total	\$ (732,059.09)
Ratio	95.45%

	Dec-10		Jan-11		Feb-11		Mar-11		Apr-11		May-11	
	Charges	Ratio	Charges	Ratio	Charges	Ratio	Charges	Ratio	Charges	Ratio	Charges	Ratio
Hawaii	\$ 119,618.00	121.417.37	\$ 120,161.00	101.33%	\$ 118,550.70	115.68%	\$ 123,538.00	94.36%	\$ 122,543.00	99.02%	\$ 117,326.00	111,523.98
Kauai	\$ 86,291.00	80.138.98	\$ 83,914.00	81.16%	\$ 83,547.00	82.100.30	\$ 83,159.00	81.46%	\$ 79,632.00	86.29%	\$ 80,434.00	69,028.50
Maui	\$ 40,668.00	39.643.97	\$ 39,164.00	97.96%	\$ 40,207.00	96.86%	\$ 38,867.00	94.330.34	\$ 41,884.00	101.08%	\$ 41,843.00	41,022.45
Oahu	\$ 1,130,024.71	1,130,789.79	\$ 1,129,883.46	100.83%	\$ 1,122,198.47	101.32%	\$ 1,119,526.49	98.35%	\$ 1,107,278.94	93.03%	\$ 1,090,577.98	968,307.46
Total	\$ 1,377,001.71	1,360,970.11	\$ 1,372,122.46	100.29%	\$ 1,364,503.17	102.25%	\$ 1,365,460.49	97.95%	\$ 1,351,337.94	93.43%	\$ 1,330,180.98	1,169,262.39

	Jun-11		Jul-11		Aug-11		Sep-11		Oct-11		Nov-11		Dec-11	
	Charges	Ratio	Charges	Ratio	Charges	Ratio	Charges	Ratio	Charges	Ratio	Charges	Ratio	Charges	Ratio
Hawaii	\$ 115,734.00	111,964.58	\$ 113,713.50	96.74%	\$ 115,666.00	121.351.38	\$ 115,971.69	137.39%	\$ 115,276.00	100.61%	\$ 115,276.00	103,458.24	\$ 116,323.00	116,388.33
Kauai	\$ 79,977.00	69,040.63	\$ 75,108.00	93.91%	\$ 77,537.00	97.685.17	\$ 76,959.18	117.64%	\$ 76,716.00	102.30%	\$ 76,716.00	68,948.60	\$ 76,420.00	72,976.75
Maui	\$ 41,842.00	40,666.84	\$ 42,037.00	100.01%	\$ 44,681.00	106.814.87	\$ 46,767.70	134.05%	\$ 47,144.00	95.30%	\$ 47,144.00	44,214.52	\$ 44,242.00	43,525.67
Oahu	\$ 1,067,013.66	882,733.02	\$ 1,067,990.06	99.99%	\$ 1,066,656.05	99.99%	\$ 1,066,381.22	99.99%	\$ 1,066,381.22	99.99%	\$ 1,066,381.22	1,019,275.64	\$ 1,066,381.22	1,019,275.64
Total	\$ 1,324,566.66	1,044,405.07	\$ 1,324,566.66	100.00%	\$ 1,324,566.66	100.00%	\$ 1,324,566.66	100.00%	\$ 1,324,566.66	100.00%	\$ 1,324,566.66	1,019,275.64	\$ 1,324,566.66	1,019,275.64

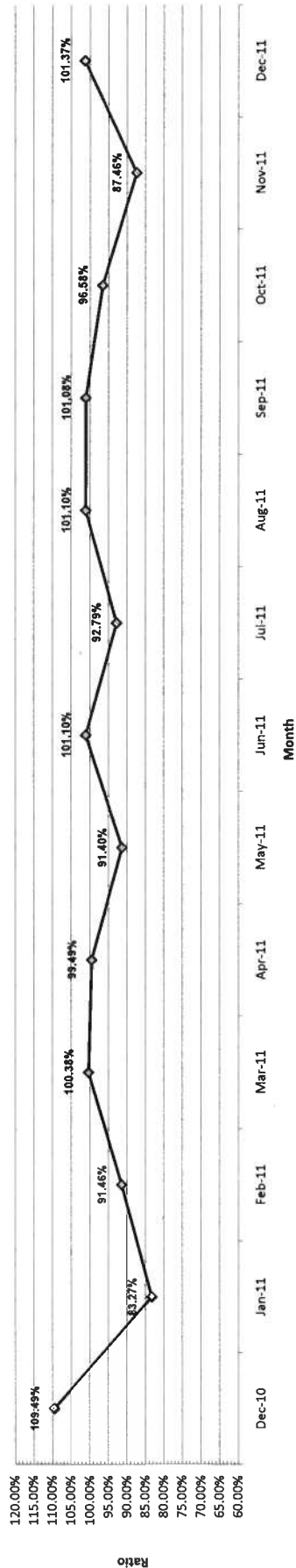
Rent Collection Rate



Rent Collection from December 2010 to December 2011

		Dec-10			Jan-11			Feb-11			Mar-11			Apr-11			May-11				
		Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio		
	Hawaii	\$ 9,146.00	\$ 82.20%	\$ 3,443.00	\$ 8,658.38	93.31%	11,907.70	124.23%	\$ 9,585.00	11,907.70	124.23%	\$ 11,813.00	10,679.30	90.40%	\$ 13,492.00	13,372.00	99.11%	\$ 13,190.00	11,357.00	86.10%	
	Alaska	\$ 5,598.00	\$ 87.10%	\$ 5,598.00	\$ 4,588.00	81.54%	\$ 5,327.00	95.02%	\$ 5,280.00	\$ 5,280.00	100.00%	\$ 5,680.00	\$ 4,385.00	81.65%	\$ 5,680.00	\$ 4,854.00	83.90%	\$ 5,243.00	\$ 4,448.00	84.86%	
	Alaska	\$ 5,999.00	\$ 77.45%	\$ 5,643.00	\$ 5,313.00	94.15%	\$ 5,474.00	91.87%	\$ 5,640.00	\$ 5,139.00	91.12%	\$ 5,680.00	\$ 5,570.00	98.76%	\$ 5,680.00	\$ 5,353.00	94.25%	\$ 5,338.00	\$ 5,014.00	93.91%	
	Alaska	\$ 226,626.00	\$ 256,002.35	\$ 111.97%	\$ 228,770.00	\$ 188,978.95	82.61%	\$ 230,412.00	86.25%	\$ 229,468.00	\$ 232,605.36	101.37%	\$ 229,468.00	\$ 229,762.40	100.16%	\$ 228,396.00	\$ 229,762.40	100.64%	\$ 208,478.54	\$ 191,800.00	91.80%
	Alaska	\$ 248,369.00	\$ 273,042.05	\$ 109.59%	\$ 248,454.00	\$ 207,715.13	83.27%	\$ 250,798.00	102.53%	\$ 252,369.53	\$ 225,369.53	89.46%	\$ 252,289.00	\$ 253,239.66	100.38%	\$ 252,818.00	\$ 251,520.40	99.49%	\$ 250,865.00	\$ 229,298.64	91.40%

	Jun-11			Jul-11			Aug-11			Sep-11			Oct-11			Nov-11			Dec-11		
	Changes	Ratio	Collected	Changes	Ratio	Collected	Changes	Ratio	Collected	Changes	Ratio	Collected	Changes	Ratio	Collected	Changes	Ratio	Collected			
Hawaii	\$ 13,920.00	83.84%	11,154.00	\$ 14,198.00	111.01%	11,011.00	\$ 14,673.00	13.60%	92.74%	\$ 12,542.00	114.76%	14,366.00	\$ 10,717.00	74.60%	13,036.00	\$ 14,366.00	90.74%	16,098.00	\$ 14,088.00	87.52%	
Kauai	\$ 5,210.00	3,640.00	5,095.00	\$ 5,306.00	95.48%	5,111.00	\$ 5,511.00	4,705.00	85.37%	\$ 3,869.00	3,093.00	\$ 5,336.00	\$ 4,690.00	86.66%	\$ 5,336.00	\$ 4,690.00	87.89%	\$ 5,176.00	\$ 4,506.00	87.30%	
Maui	\$ 5,470.00	4,680.00	5,327.00	\$ 5,075.00	107.63%	5,305.00	\$ 5,305.00	106.50%	106.50%	\$ 4,625.00	107.75%	\$ 4,825.00	\$ 4,302.00	68.85%	\$ 4,302.00	\$ 4,302.00	83.11%	\$ 4,754.00	\$ 4,964.00	104.42%	
Oahu	\$ 228,510.00	235,913.89	213,201.40	\$ 228,461.00	93.32%	\$ 228,214.00	\$ 232,341.00	101.89%	101.89%	\$ 236,648.68	241,166.02	\$ 228,648.00	\$ 225,787.56	98.75%	\$ 228,648.00	\$ 225,787.56	87.50%	\$ 228,267.00	\$ 231,667.63	102.39%	
Total	\$ 253,010.00	255,787.89	235,051.40	\$ 253,322.00	92.73%	\$ 252,493.34	\$ 256,493.34	101.10%	101.10%	\$ 262,284.68	262,017.86	\$ 251,175.00	\$ 247,516.62	98.58%	\$ 251,175.00	\$ 247,516.62	95.46%	\$ 252,295.00	\$ 255,756.63	101.37%	



Federal LIPH
HPHA Island Overview Report
December 2011

	Occupancy *							LIPH and Elderly Waiting List**				
Island	Total Available Units	Total Occupied Units	Total Vacant Units (excludes rent ready)	Occupancy Ratio	Move-Ins	Transfers	Units Rent Ready	HUD Income Limit	# of HoH	% of WL	Avg Family Size	Avg Bedroom Size
Hawaii	621	533	82	85.83%	16	6	6	Average Income	40	0.35%	6.79	3.32
Kauai	319	274	45	85.89%	2	1	0	Low Income (80%)	164	1.45%	2.88	1.94
Maui	196	147	49	75.00%	2	0	0	Very Low Inc. (50%)	1,029	9.11%	2.87	1.92
Oahu	3,554	3,315	220	93.28%	18	11	19	Extremely Low Inc. (30%)	10,067	89.09%	2.55	1.76
Total	4,690	4,269	396	91.02%	38	18	25		11,300	100.00%	2.59	1.78

Island	Non Vacated Delinquencies***				Collection Rate		
	Count of Families	30-90 Days	Count of Families	Over 90 Days	Charges	Collected	Ratio
Hawaii	39	\$ 14,958.00	32	\$ 19,648.00	\$ 116,323.00	\$ 116,388.33	100.06%
Kauai	56	\$ 37,378.83	35	\$ 107,610.54	\$ 76,420.00	\$ 72,976.75	95.49%
Maui	19	\$ 5,604.67	19	\$ 5,877.93	\$ 44,242.00	\$ 43,525.67	98.38%
Oahu	399	\$ 207,215.63	284	\$ 371,600.13	\$ 895,633.23	\$ 869,941.27	97.13%
Total	513	\$ 265,157.13	370	\$ 504,736.60	\$ 1,132,618.23	\$ 1,102,832.02	97.37%

* Occupancy also counts Scheduled for Modernization Units.

* Occupancy reflects removal of KPT Units.

** Please notice WL Income Limits assumes 2010 HUD Family Income Limit for Hawaii.

*** Delinquencies and Collections reflect only Rents, Prepays and Payment Agreements (Bill Code 0001 and 0006).

Federal LIPH
HPHA Project Overview Report
December 2011

AMP	Occupancy*					Transfers	Units Rent Ready
	Total Available Units	Total Occupied Units	Total Vacant Units (excludes rent ready)	Occupancy Ratio	Move-Ins		
30P-Aiea	362	338	24	93.37%	0	0	0
31P-KVH	373	325	41	87.13%	2	1	7
32P-MWH	363	345	18	95.04%	0	0	0
33P-Kam/Kaamanu	371	357	13	96.23%	1	1	1
34P-Kalakaua	581	552	26	95.01%	2	0	3
35P-Kalanihiua	587	571	13	97.27%	2	0	3
37P-Hilo	320	251	69	78.44%	8	4	0
38P-Kauai	319	274	45	85.89%	2	1	0
39P-Maui	196	147	49	75.00%	2	0	0
40P-KPT	170	160	8	94.12%	2	2	2
43P-Kona	200	192	6	96.00%	2	1	2
44P-Leeward Oahu	258	224	32	86.82%	5	5	2
45P-Windward Oahu	225	221	4	98.22%	0	0	0
46P-Kamuela	101	90	7	89.11%	6	1	4
49P-Central Oahu	149	113	35	75.84%	4	2	1
50P-Palolo	115	109	6	94.78%	0	0	0
Total	4,690	4,269	396	91.02%	38	18	25

AMP	Non Vacated Delinquencies**				Collection Rate		
	Count of Families	30-90 Days	Count of Families	Over 90 Days	Charges	Collected	Ratio
30P-Aiea	78	49,730.63	43	63,308.07	\$ 123,088.00	\$ 111,748.91	90.79%
31P-KVH	47	28,130.04	26	47,333.95	\$ 87,208.00	\$ 77,573.89	88.95%
32P-MWH	53	26,975.83	31	34,019.80	\$ 106,699.83	\$ 101,939.66	95.54%
33P-Kam/Kaamanu	55	22,890.76	40	49,254.71	\$ 85,736.75	\$ 81,501.34	95.06%
34P-Kalakaua	15	5,671.00	7	16,771.40	\$ 127,648.84	\$ 132,730.49	103.98%
35P-Kalanihiua	30	9,822.00	13	10,976.29	\$ 139,805.98	\$ 147,101.98	105.22%
37P-Hilo	17	6,848.00	9	4,378.00	\$ 62,548.00	\$ 66,049.53	105.60%
38P-Kauai	56	37,378.83	35	107,610.54	\$ 76,420.00	\$ 72,976.75	95.49%
39P-Maui	19	5,604.67	19	5,877.93	\$ 44,242.00	\$ 43,525.67	98.38%
40P-KPT	25	13,629.01	45	30,930.35	\$ 66,486.00	\$ 66,460.87	99.96%
43P-Kona	9	3,108.00	4	534.33	\$ 37,455.00	\$ 35,307.80	94.27%
44P-Leeward Oahu	49	24,082.85	49	71,090.44	\$ 46,834.00	\$ 39,856.82	85.10%
45P-Windward Oahu	26	17,462.67	17	15,756.98	\$ 62,427.00	\$ 59,711.37	95.65%
46P-Kamuela	13	5,002.00	19	14,735.67	\$ 16,320.00	\$ 15,031.00	92.10%
49P-Central Oahu	7	2,914.00	6	9,304.22	\$ 30,321.00	\$ 32,583.67	107.46%
50P-Palolo	14	5,906.84	7	22,853.92	\$ 19,377.83	\$ 18,732.27	96.67%
Total	513	265,157.13	370	504,736.60	\$ 1,132,618.23	\$ 1,102,832.02	97.37%

* Occupancy also counts Scheduled for Modernization Units.

** Occupancy reflects removal of KPT Units.

** Delinquencies and Collections reflect only Rents, Prepays and Payment Agreements (Bill Code 0001 and 0006).

State LIPH
HPHA Island Overview Report
December 2011

	Occupancy*							LIPH and Elderly Waiting List**				
Island	Total Available Units	Total Occupied Units	Total Vacant Units (excludes rent ready)	Occupancy Ratio	Move-Ins	Transfers	Units Rent Ready	HUD Income Limit	# of HoH	% of WL	Avg Family Size	Avg Bedroom Size
Hawaii	56	49	6	87.50%	1	0	1	Average Income	29	0.35%	7.53	3.60
Kauai	26	23	3	88.46%	0	0	0	Low Income (80%)	81	0.99%	2.63	1.83
Maui	32	25	7	78.13%	0	0	0	Very Low Inc. (50%)	686	8.35%	2.86	1.90
Oahu	749	734	12	98.00%	4	4	3	Extremely Low Inc. (30%)	7,422	90.31%	2.42	1.66
Total	863	831	28	96.29%	5	4	4		8,218	100.00%	2.48	1.69

Island	Non Vacated Delinquencies***				Collection Rate		
	Count of Families	30-90 Days	Count of Families	Over 90 Days	Charges	Collected	Ratio
Hawaii	15	\$ 4,309.00	11	\$ 17,251.17	\$ 16,098.00	\$ 14,089.00	87.52%
Kauai	4	\$ 2,254.00	3	\$ 14,122.46	\$ 5,176.00	\$ 5,036.00	97.30%
Maui	8	\$ 1,463.00	18	\$ 16,657.53	\$ 4,754.00	\$ 4,964.00	104.42%
Oahu	22	\$ 15,752.40	52	\$ 204,948.26	\$ 226,267.00	\$ 231,667.63	102.39%
Total	49	\$ 23,778.40	84	\$ 252,979.42	\$ 252,295.00	\$ 255,756.63	101.37%

* Occupancy also counts Scheduled for Modernization Units.

** Please notice WL Income Limits assumes 2010 HUD Family Income Limit for Hawaii.

*** Delinquencies and Collections reflect only Rents, Prepays and Payment Agreements (Bill Code 0001 and 0006).

State LIPH
HPHA Project Overview Report
December 2011

Project	Occupancy *					
	Total Available Units	Total Occupied Units	Total Vacant Units (excludes rent ready)	Occupancy Ratio	Move-Ins	Transfers
2201-Hauiki	46	43	3	93.48%	0	0
2202-Puahala Homes	128	121	5	94.53%	0	1
2204-Kawaialehua	26	23	3	88.46%	0	0
2205-Kahale Mua	32	25	7	78.13%	0	0
2206-Lokahi	30	26	4	86.67%	1	0
2207-Ke Kumu Elua	26	23	2	88.46%	0	0
2401-Hale Po'ai	206	204	2	99.03%	1	0
2402-La'iola	108	107	1	99.07%	1	2
2403-Kamalu-Ho'olulu	220	220	0	100.00%	2	1
2404-Halia Hale	41	39	1	95.12%	0	0
Total	863	831	28	96.29%	5	4

Project	Non Vacated Delinquencies**				Collection Rate		
	Count of Families	30-90 Days	Count of Families	Over 90 Days	Charges	Collected	Ratio
2201-Hauiki	2	\$ 2,078.00	13	\$ 80,670.51	\$ 16,688.00	\$ 17,094.67	102.44%
2202-Puahala Homes	16	\$ 12,149.00	26	\$ 120,002.83	\$ 47,993.00	\$ 42,374.46	88.29%
2204-Kawaialehua	4	\$ 2,254.00	3	\$ 14,122.46	\$ 5,176.00	\$ 5,036.00	97.30%
2205-Kahale Mua	8	\$ 1,463.00	18	\$ 16,657.53	\$ 4,754.00	\$ 4,964.00	104.42%
2206-Lokahi	6	\$ 1,668.00	4	\$ 13,923.50	\$ 9,309.00	\$ 7,835.00	84.17%
2207-Ke Kumu Elua	9	\$ 2,641.00	7	\$ 3,327.67	\$ 6,789.00	\$ 6,254.00	92.12%
2401-Hale Po'ai	0	\$ -	5	\$ 2,284.00	\$ 56,663.00	\$ 61,436.00	108.42%
2402-La'iola	1	\$ 186.00	7	\$ 1,986.52	\$ 33,267.00	\$ 34,915.00	104.95%
2403-Kamalu-Ho'olulu	3	\$ 1,339.40	1	\$ 4.40	\$ 60,760.00	\$ 64,483.50	106.13%
2404-Halia Hale	0	\$ -	0	\$ -	\$ 10,896.00	\$ 11,364.00	104.30%
Total	49	\$ 23,778.40	84	\$ 252,979.42	\$ 252,295.00	\$ 255,756.63	101.37%

* Occupancy also counts Scheduled for Modernization Units.

** Delinquencies and Collections reflect only Rents, Prepays and Payment Agreements (Bill Code 0001 and 0006).

**VACANT UNIT INFORMATION REPORT
FEDERAL PROJECTS**

December 2011

(1) AMPS	(2) Number of Units Per AMP	(3) Total Vacant Units on Dec. 1	(4) Total Move Ins for the entire month of Dec.	(5) Units Ready and Not Occupied in Dec.	(6) HUD Approved Special Service Units	(7) Units on Hold for Relocation	(8) Admin Hold (Justify in Remarks column)	(9) HUD Approved Units Scheduled Demolition	(10) Units AMP Responsible For and/or To Repair	(11) Units CMB will Repair	(12) Remarks Any data entered into columns (7) and (8) require an explanation.
30	363	24	0	6	1	0	0	0	11	6	
31	373	45	0	4	0	3	0	0	3	35	Units used for
32	364	18	0	5	1	4	0	0	3	5	Bathrooms are
33	373	14	1	1	2	5	0	0	5	0	Units used for
34	583	31	3	2	3	2	0	0	21	0	Units for internal
35	587	19	3	2	0	0	0	0	13	1	
37	322	138	8	0	2	25	19	64	6	14	Fair Housing
38	321	49	2	0	2	1	5	0	24	15	(7)
39	196	51	1	4	0	0	0	0	11	35	B1@1019:E7
40	174	15	2	0	0	0	0	4	5	4	
43	202	10	2	2	1	0	1	0	4	0	1063-2H2
44	260	41	5	2	2	0	0	0	17	15	Relo unit for
45	226	5	0	0	1	0	0	0	1	3	
46	103	18	6	4	2	0	0	0	0	6	
49	150	41	4	0	0	0	0	0	18	19	
50	118	9	0	0	3	0	0	0	5	1	
TOTAL	4,715	528	37	32	20	40	25	68	147	159	

*This count includes all units which are occupied or designated as social services, resident association, area office, public safety, anti-drug, administrative hold, available, CMS, sent to maintenance, maintenance hold, Capital Fund, on-scheduled modernization, relocation and scheduled for demolition.

**VACANT UNIT INFORMATION REPORT
STATE PROJECTS**

December 2011

(1) AMPS	(2) Number of Units Per AMP	(3) Total Vacant Units on Dec. 1	(4) Total Move-Ins for the entire month of Dec.	(5) Units Ready and Not Occupied in Dec.	(6) Special Service Units	(7) Units on Hold for Relocation	(8) Admin Hold (Justify in Remarks column)	(9) Approved Units Scheduled Demolition	(10) Units AMP Responsible For and/or To Repair	(11) Units CMB will Repair	(12) Remarks Any data entered into columns (7) and (8) require an explanation.
31	174	6	0	3		1	0	0	2	0	Unit used for
37	30	1	1	0		0	0	0	0	0	
38	26	3	0	0		2	1	0	0		(7) A101 & C104 under ADA
39	32	8	0	4		0	0	0	4	0	
42	576	3	1	0		0	0	0	2	0	
46	26	0	0	0		0	0	0	0	0	
TOTAL	864	21	2	7	0	3	1	0	8	0	

*This count includes all units which are occupied or designated as social services, resident association, area office, public safety, anti-drug, administrative hold, available, CMS, sent to maintenance, maintenance hold, Capital Fund, on-scheduled modernization

VMS Data Collection Report												
From	1/1/2011											
To	12/1/2011											
As of	1/6/2012											
PHA Code	HI901											
PHA Name	Hawaii Public Housing Authority											
Point of Contact	Stephanie Fo											
Point of Contact Phone	(808) 832-4696											
E-mail	stephanie.l.fo@hawaii.gov											
Litigation	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	
Litigation HAP												
1 Year Mainstream	166	163	160	162	160	158	156	174	175	172	170	
1 Year Mainstream HAP	\$139,581	\$136,184	\$135,042	\$134,631	\$133,713	\$134,398	\$133,509	\$154,125	\$151,630	\$148,365	\$147,212	
Homeownership	10	10	10	10	10	10	10	10	10	10	10	
Homeownership HAP	\$10,318	\$10,387	\$10,387	\$10,350	\$10,350	\$10,301	\$10,301	\$9,985	\$9,985	\$9,995	\$9,985	
New Home Owners - This Month												
Moving To Work Vouchers												
HAP Moving To Work Vouchers:												
Family Unification												
Family Unification HAP												
2008 and 2009 Family Unification												
2008 and 2009 Family Unification HAP												
2008 and 2009 Non-Elderly Disabled												
2008 and 2009 Non-Elderly Disabled HAP												
Portable Vouchers Paid	22	22	22	23	23	22	25	25	22	26	26	
Portable Voucher HAP	\$18,358	\$17,478	\$18,991	\$21,309	\$21,783	\$20,678	\$21,466	\$21,722	\$20,360	\$20,564	\$19,152	
Hope 6 Section 8 Vouchers												
Hope 6 Section 8 Vouchers												
Tenant Protection												
HAP Tenant Protection												
Enhanced Vouchers this Month												
Veteran's Affair Supported Housing (VASH) Voucher	82	93	94	96	98	104	114	125	123	124	120	
Veteran's Affair Supported Housing (VASH) HAP	\$55,562	\$64,907	\$64,716	\$66,751	\$68,314	\$73,430	\$80,553	\$87,064	\$87,357	\$85,236	\$81,050	
DHAP to HCV Vouchers Leased												
DHAP to HCV Voucher HAP												
All Other Vouchers	1,472	1,438	1,424	1,417	1,569	1,574	1,574	1,567	1,558	1,551	1,558	
HAP All Other Vouchers	\$1,365,675	\$1,370,354	\$1,362,703	\$1,354,242	\$1,541,694	\$1,643,706	\$1,646,203	\$1,643,712	\$1,634,847	\$1,637,075	\$1,633,795	

VMS Data Collection Report													
From	1/1/2011	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	
To	12/1/2011												
As of	1/6/2012												
PHA Code	HI901												
PHA Name	Hawaii Public Housing Authority												
Point of Contact	Stephanie Fo												
Point of Contact Phone	(808) 832-4696												
E-mail	stephanie.l.fo@hawaii.gov												
FSS Escrow Deposits													
All Voucher HAP Expenses After the First of Month													
Total Vouchers													
HAP Total													
Number of Vouchers Under Leased (HAP Contract) on the last day of the Month													
Temporary Housing Units to HCV													
Conversion - Leasing													
Temporary Housing Units to HCV													
Conversion - HAP													
HA Owned Units Leased - included in the units leased above													
New vouchers issued but not under HAP contracts as of the last day of the month													
Portability - In													
Portability - In													
Number of Vouchers Covered by Project-Based AHAPs and HAPs													
Mainstream 5-Year													
HAP Mainstream 5-Year													
Tenant Protection - New this Month													
Fraud Recovery - Amount Booked this Month													
Interest or other income earned this month from the investment of HAP funds and Net Restricted Assets													
FSS Escrow Forfeitures													
Number of Hard-to-House Families Leased													
Number of LBP Initial Clearance Tests													

VMS Data Collection Report

From	1/1/2011	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
To	12/1/2011											
As of	1/6/2012											
PHA Code	HI901											
PHA Name	Hawaii Public Housing Authority											
Point of Contact	Stephanie Fo											
Point of Contact Phone	(808) 832-4696											
E-mail	stephanie.l.fo@hawaii.gov											
Portable HAP Costs Billed and Unpaid - 90 Days or older												
Number of LBP Risk Assessments												
FSS Coordinator												
FSS Coordinator Expenses Not Covered by FSS Grant	\$17,926	\$21,799	\$22,267	\$27,346	\$24,262	\$10,845	\$10,505	\$11,774	\$11,495	\$12,224	\$21,786	
Administrative Expense	\$123,136	\$128,343	\$129,778	\$126,346	\$166,389	\$205,927	\$10,505	\$72,349	\$137,133	\$161,809	\$147,316	\$147,675
Audit											\$22,502	\$5,625
Net Restricted Assets (NRA) as of the Last Day of the Month	\$3,980,778	\$3,029,647	\$3,029,676	\$3,029,617	\$3,029,616	\$3,029,616	\$3,029,616	\$3,029,616	\$3,029,616	\$1,091,273	\$1,900,129	\$1,900,129
Unrestricted Net Assets (UNA) as of the Last Day of the Month	\$1,192,525	\$1,384,639	\$1,384,638	\$1,384,638	\$1,333,110	\$1,333,110	\$1,333,110	\$1,333,110	\$1,333,110	\$3,271,454	\$2,462,598	\$2,462,598
Cash/Investment as of the Last Day of the Month - Voucher Program Only	\$1,970,663	\$2,177,207	\$2,275,857	\$2,331,806		\$2,577,244	\$2,737,446		\$2,897,571	\$1,638,266	\$1,980,880	\$2,060,045
Administrative Fee Earned												
Hard to House												
LBP Clearance Test												
LBP Risk Assessment												
Mobility Counseling												
Preliminary Fees												
Housing Conversion Fees												
Regional Opportunity Counseling												
Expense Amount 1												
Expense Description 1												
Expense Amount 2												
Expense Description 2												
Expense Amount 3												
Expense Description 3												
Expense Amount 4												
Expense Description 4												
Expense Amount 5												

VMS Data Collection Report												
From	1/1/2011	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
To	12/1/2011											
As of	1/6/2012											
PHA Code	HI901											
PHA Name	Hawaii Public Housing Authority											
Point of Contact	Stephanie Fo											
Point of Contact Phone	(808) 832-4696											
E-mail	stephanie.l.fo@hawaii.gov											
Expense Description 5												
Comments												
DVP Families Assisted					122 Project based vouchers	120 PBV's	118		118 PBV's	120 PB vouchers	118 PBV's	
Actual DVP HAP Provided					unleased and unpaid	unleased and unpaid	Unleased and unpaid		unleased and unpaid.	unleased and unpaid.	and unpaid. 4 zero HAP families. 80 protection vouchers.	
New DVP Families Assisted this month												
DVP Homeless Families Assisted												
Actual DVP HAP Provided for Homeless families (month)												
Families Assisted												
HAP for Families Assisted												
New this month												
DHAP-IKE Families Assisted												
HAP for Families Assisted												
New Homeless Families Assisted												
Security Deposits Paid												
Utility Deposits Paid												
Security Deposits Returned												
Utility Deposits Returned												
Portability - In												
Portability - In												
Disaster Relief Families Assisted (exclude Ports)												
New KDHAP Families Assisted												
Actual KDHAP Rental Assistance Provided												
Actual Security Deposit												

VMS Data Collection Report											
From	1/1/2011										
To	12/1/2011										
As of	1/6/2012										
PHA Code	HI901										
PHA Name	Hawaii Public Housing Authority										
Point of Contact	Stephanie Fo										
Point of Contact Phone	(808) 832-4696										
E-mail	stephanie.l.fo@hawaii.gov										
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
Actual Utility Deposit											
KDHAP Security Deposit Refunds											
KDHAP Utility Deposit Refunds											
Name of HA Point of Contact	Barbara Arashiro	Barbara Arashiro	Barbara Arashiro	Barbara Arashiro	Barbara Arashiro	Barbara Arashiro	Barbara Arashiro	Barbara Arashiro	Stephanie Fo	Stephanie Fo	Stephanie Fo
Point of Contact Phone	8088324694	8088324694	8088324694	8088324694	8088324694	8088324694	8088324694	8088324694	8088324696	8088324696	8088324696
Ext.:											
Point of Contact E-mail Address	barbara.e.arashiro@hawaii.gov	barbara.e.arashiro@hawaii.gov	barbara.e.arashiro@hawaii.gov	barbara.e.arashiro@hawaii.gov	barbara.e.arashiro@hawaii.gov	barbara.e.arashiro@hawaii.gov	barbara.e.arashiro@hawaii.gov	barbara.e.arashiro@hawaii.gov	stephanie.l.fo@hawaii.gov	stephanie.l.fo@hawaii.gov	stephanie.l.fo@hawaii.gov
Name of Authorized HA Official	Denise Wise	Denise Wise	Denise Wise	Denise Wise	Denise Wise	Denise Wise	Denise Wise	Denise Wise	Arashiro	Barbara Arashiro	Arashiro
Official Housing Authority E-mail Address	denise.m.wise@hawaii.gov	denise.m.wise@hawaii.gov	denise.m.wise@hawaii.gov	denise.m.wise@hawaii.gov	denise.m.wise@hawaii.gov	denise.m.wise@hawaii.gov	denise.m.wise@hawaii.gov	denise.m.wise@hawaii.gov	barbara.e.arashiro@hawaii.gov	barbara.e.arashiro@hawaii.gov	barbara.e.arashiro@hawaii.gov
FMC Financial Analyst									Thomas M. Vitek		
E-mail Address									Thomas.M.Vitek@hud.gov		
FA Phone Number				8088324694	4154896497	4154896497	4154896497	4154896497	4154896497	4154896497	4154896497
Ext.:											
Field Office Code											
Field Office Name											
Field Office Point of Contact											
FO POC E-mail Address											
FO POC Phone Number				8088324694							
Ext.:											
Technical Assistance Center				4860					4860		
Date	1/1/2011	2/1/2011	3/1/2011	4/1/2011	5/1/2011	6/1/2011	7/1/2011	8/1/2011	9/1/2011	10/1/2011	11/1/2011

HAWAII PUBLIC HOUSING AUTHORITY
Board Report – November 2011

AGENCY TOTAL – Variance Analysis based on any increases(decreases) of 10% with the month of November being the basis for the variances.

I. INCOME STATEMENT

A. REVENUES:

Actual revenues for the month of October increased to \$1,630k or 22% versus Budget due to HUD Operating Subsidies increasing 25% or an increase of \$1,286k and decreases in COCC Fee income (30)% and General Fund Income of (19)% and a 202% increase in Other Income due to \$714k in Operating Transfer in related to the State Low Rent and State Elderly Programs net of Front Line Expenses not billed awaiting data from CMS. The Operating Transfers is relate to rental housing shortfalls paid for by the General Fund. In the budget the transfers in were budgeted in June of 2012. The increase in the Operating Subsidies reflect a 15% increase in the Housing Choice Voucher Program; 71% for Federal Low Rent Program reflecting KPT funding catch up for prior months. COCC Fee(Management and Accounting Fees) Income decreased by 19% due to units out of service but included in the Budget computation of fees. Rental Income decreased by 10% due to the budgeted revenues were estimated on annualized basis(estimated evenly over 12 months).

B. EXPENSES:

Administrative:

Administrative Expenses reflected a decrease of \$612k due primarily to staffing positions for the month of November that were budgeted to be filled and are still vacant. There were also reductions in office, copier, subscriptions, and legal expenses offset by an increase in private management fees.

Management Fees:

Asset management fees budgeted monthly will be calculated in the month of June 2012 when the profitability of each project is known since only projects with net income can pay to the Central Office Cost Center an asset management fee.

Management and Bookkeeping Fees:

Fees are reduced due to the unit counts used in the budget computation were higher than the actual count due to estimate used in the budget.

Housing Assistance Payments(HAP):

Increase of 8% from budget due HAP expense payment to KPT.

Tenant Services:

Tenant services reflect budgeted allocations.

Utilities:

decreases were Gas 26%, Fuel 100%, Sewer 24% and Water 23%, offset by a 1% increase in Electricity cost, resulting in a net decrease in utilities expenses of 19%.

Maintenance:

Maintenance expenses showed a 24% decrease due decreases in Maintenance Salaries and Benefits, Contract costs and maintenance materials costs.

Protective Services:

Straight line of the costs in the Budget vs Actual costs allocation resulted in 62% decrease for the month.

Insurance:

Reflect a 48% or \$37k decrease in accrual.

General Expenses:

The prior year increase relate to additional depreciation from construction in progress being capitalized and depreciated \$(72k), P-Card Undistributed expenses \$(35k), Severance expenses \$(14k), and Extraordinary maintenance budgeted but not expended \$97k, bad debt \$18k and Other General expense \$18k variances.

OVERVIEW – Current Fiscal Year:

Year to date revenues exceed budget by 8% or \$2,831 and total expenses are 7% or \$3,277 favorable resulting in a net income variance of \$6.1 million or 98% over budget on an accrual basis. On a cash basis(*After adding back Depreciation Expense and Bad Debt Write-Off*) reflected an

increase in net income over budget of \$6,4 million or 395%. In the calendar year 2012 increases in Utilities and medical insurance will take effect which should not adversely affect net income through June 30, 2012. In January also the new Subsidy allocation will take effect and the proposed reduction by HUD is 14% of the Operating Subsidy. Given the reduction in Subsidy it is projected on a cash basis for revenues to exceed expenses at the end of the fiscal year by approximately \$4 to \$5 million given no other unforeseen reductions in revenues.

Overall there is enough cash in reserve available to cover expenses as projected.

II. BALANCE SHEET

ASSETS:

CASH:

Payments of Construction invoices net of Operating Subsidy resulted in a \$1,664 million increase.

ACCOUNT RECEIVABLE:

Primarily decrease due to Tenant Account Receivable adjustments

INTERPROGRAM DUE FROM:

Allocation of expenses paid to the various projects.

PROPERTY, PLANT & EQUIPMENT, NET:

The \$(981)k represents depreciation expense for the month of November.

LIABILITIES AND EQUITY:

ACCOUNTS PAYABLE:

Contracts and Vendors payable.

OTHER LIABILITIES & DEFERRED INCOME:

Payment of administrative fee billing and reversal of accrued liabilities.

**Contract & Procurement Office
Monthly Status Report for December 2011**

Solicitations Issued in December 2011:

Solicitation No.	Title	Due Date
IFB-PMB-2011-32	Tree Trimming Services at Kalakaua Homes, Makua Alii, and Paoakalani under Asset Management Project 34 on the Island of Oahu-	January 18, 2012

Contracts Executed in December 2011:

Contract No.	Contractor & Project	Supp. Amount	Total Amount
CMS 08-27-SC04	GYA Architects, LLC Decrease in Scope of Services (Removal of Landscaping Design Services) for Physical Improvements at Makani Kai Hale (AMP 39) on the Island of Maui End Date: April 13, 2013	(\$4,292.49)	\$156,987.43
CMS 08-28-SC03	Allana, Buick and Bers, Inc. Provide Additional Design and Construction Administration Services and Extension of Time of 120 calendar days for Physical Improvements at Kahekili Terrace (AMP 39) on the Island of Maui End Date: September 27, 2012	\$44,192.43	\$551,929.80
CMS 08-39-SC03	SSFM International, Inc. Reduction in Compensation and Payment Schedule due to Design Error on Vacant Unit Kitchen Cabinets for the Structural Investigation and Repairs at Makua Alii (AMP 34) on the Island of Oahu End Date: March 12, 2012	(\$42,700.45)	\$789,805.55
PMB 09-05-SC02	Millennium Security, LLC Continue to Furnish Security Services at Kalihi Valley Homes (AMP 31), Punchbowl Homes (AMP 35), Kalanihulia (AMP 35), and Makamae (AMP 35) on the Island of Oahu End Date: August 31, 2012	\$727,939.28	\$2,180,068.00

AMERICAN RECOVERY AND REINVESTMENT ACT
PROJECT STATUS REPORT
January 1, 2012

PROJECT	CONTRACT AMOUNT	ADVERTISE - INVITATION FOR BID	BID OPENING	APPROVAL GRANTED BY HUD	CONTRACT EXECUTED	NOTICE TO PROCEED	PRE- CONSTRUCTION CONFERENCE	CONSTRUCTION START DATE	ACTUAL/EST. CONSTRUCTION COMPLETION
Hale Hauoli	\$ 2,031,067.00	11/17/2009	12/29/2009	2/9/2010	2/23/2010	9/7/2010	3/18/2010	10/4/2010	11/30/2011 (Completed)
Kahekili Terrace	\$ 5,079,289.00	1/11/2010	2/4/2010	2/23/2010	3/11/2010	6/28/2010	4/20/2010	6/28/2010	9/18/2011 (Completed)
Kaimalino & Kealahou	\$ 1,915,750.00	6/15/2009	7/16/2009	1/7/2010	1/7/2010	2/1/2010	1/28/2010	2/1/2010	Completed
Kalakaua	\$ 780,552.56	1/12/2010	2/9/2010	2/26/2010	3/11/2010	5/20/2010	3/22/2010	6/1/2010	9/28/2010 (Completed)
Kalaniihaua	\$ 196,864.85	12/4/2009	1/7/2010	2/26/2010	3/11/2010	4/19/2010	4/1/2010	4/19/2010	Completed (ARRA work completed) 10/1/2012
Kalihi Valley Homes	\$ 1,567,032.00	5/19/2009	7/12/2009	8/13/2009	9/12/2009	10/26/2009	9/18/2009	10/26/2009	Completed
Makani Kai Hale I & II	\$ 1,651,764.59	1/11/2010	2/4/2010	2/25/2010	3/4/2010	6/4/2010	4/20/2010	6/4/2010	Completed
Makua Alii	\$ 2,235,868.11	12/18/2009	1/12/2010	2/16/2010	3/11/2010	4/26/2010	4/21/2010	4/26/2010	11/15/2011 (Completed)
Makua Alii Construction Management	\$ 409,171.00	N/A	N/A	2/9/2010	3/9/2010	N/A	N/A	N/A	N/A
Sub-Total	\$ 15,867,359.11								
Administration	\$ 378,084.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sub-Total	\$ 378,084.00								
TOTAL	\$ 16,245,443								

NOTE: 60% Expenditure deadline is March 17, 2011.

**AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
EXPENDITURE REPORT**

Project	Contract No.	NTP Issued	Contract Amount	Reporting Year 1				Reporting Year 2				Reporting Year 3		Total
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
				Oct-Dec 09	Jan-Mar 10	Apr-Jun 10	Jul-Sep 10	Oct-Dec 10	Jan-Mar 11	Apr-Jun 11	Jul-Sep 11	Oct-Dec 11	Jan-Mar 12	
Makua Alii - Construction Mgt. Service (SSFM International, Inc.)	CMS 08-39-SA02	N/A	\$409,171.00				\$55,290.00	\$82,935.00	\$68,615.72	\$57,880.00	\$28,940.00	\$28,940.00		\$322,600.72
Kalihi Valley Homes - Site & Dwelling Improvements, Phase 4A (Rainforest G Construction, LLC)	CMS 09-15-CO01	10/26/09	\$1,567,032.00			\$525,000.00	\$1,024,966.00	\$4,949.00	\$8,677.10	\$2,785.38				\$1,566,377.48
Kaimaliho & Kealahou - Roofing & Misc. Repairs (Coastal Construction, Inc.)	CMS 10-01	2/1/10	\$1,915,750.00			\$547,988.92	\$915,892.18	\$314,970.15	\$136,898.75					\$1,915,750.00
Hale Hauoli - Reroof & Renovation (Isomoto Contracting Co., Ltd.)	CMS 10-07	9/7/10	\$2,031,067.00						\$370,068.04	\$278,616.52	\$278,392.87	\$663,517.41		\$1,590,594.84
Makani Kai Hale I & II - Physical Improvements (Artistic Builders Corporation)	CMS 10-08	6/4/10	\$1,651,764.59				\$97,806.05	\$914,441.75	\$430,200.96	\$185,779.14	\$23,536.69			\$1,651,764.59
Makua Alii - Reroof and Structural Repairs (HI-Tec Roofing, Inc.)	CMS 10-09	4/26/10	\$2,235,868.11				\$590,989.39	\$684,994.43	\$559,087.69			\$38,073.83		\$2,145,730.83
Kalaheka Homes - Reroofing (Tony's Roofing & Waterproofing, Inc.)	CMS 10-10	5/20/10	\$780,552.56					\$700,813.82			\$28,678.97			\$730,490.79
Kahehiki Terrace - Physical Improvements (F&H Construction)	CMS 10-11	6/28/10	\$5,079,289.00					\$2,388,927.77	\$514,302.01	\$994,257.77	\$1,124,529.05			\$5,022,016.60
Kalanihua - Reroof & Elevator Lobby Improvements (ABC Design Center)	CMS 10-12	4/19/10	\$196,864.85				\$20,330.00	\$167,412.30	\$9,122.55					\$196,864.85
Administration	N/A	N/A	\$378,083.69									\$0.00		\$601,688.00
Total Amount:			\$16,245,443.00	\$0.00	\$601,688.00	\$1,072,988.92	\$2,705,273.62	\$5,259,444.22	\$2,096,972.82	\$1,791,904.30	\$1,485,075.58	\$730,531.24	\$0.00	\$15,743,878.70
Budget Balance:				\$16,245,443.00	\$15,643,755.00	\$14,570,766.08	\$11,865,492.46	\$6,606,048.24	\$4,509,075.42	\$2,717,171.12	\$1,232,095.64	\$501,564.30	\$501,564.30	
Percentage Expended:				0.00%	3.70%	6.60%	16.65%	32.37%	12.91%	11.03%	9.14%	4.50%	0.00%	

NOTE: The expenditure rate of 96.91% is actual expenditures made based on eLOCCS input and check cut by FMO as of December 31, 2011. The original amount of \$601,688 for the Administration budget has been reduced and redistributed into the various construction contracts to fund Change Orders. However, since there has already been a draw from the eLOCCS system, the monies cannot be redeposited back into eLOCCS and then redistributed so instead, it is manually being accounted for outside of eLOCCS which is why it is showing a % Complete of 159.14%.

ARRA ACTUAL/PROJECTED WORK-IN-PLACE SUMMARY SHEET

DATE	ACTUAL VALUE IN PLACE	PROJECTED VALUE IN PLACE	TOTAL TO DATE	AMOUNT REMAINING	% COMPLETE
ARRA GRANT				\$16,245,443.00	0%
3/2010	\$801,688.00		\$801,688.00	\$15,443,755.00	4.93%
4/2010	\$589,557.04		\$1,391,245.04	\$14,854,197.96	8.56%
5/2010	\$630,992.76		\$2,022,237.80	\$14,223,205.20	12.45%
6/2010	\$1,058,697.88		\$3,080,935.68	\$13,164,507.32	18.96%
7/2010	\$860,883.75		\$3,941,819.43	\$12,303,623.57	24.26%
8/2010	\$1,221,298.67		\$5,163,118.10	\$11,082,324.90	31.78%
9/2010	\$1,436,175.98		\$6,599,294.08	\$9,646,148.92	40.62%
10/2010	\$1,090,632.75		\$7,689,926.83	\$8,555,516.17	47.34%
11/2010	\$2,100,096.16		\$9,790,022.99	\$6,455,420.01	60.26%
12/2010	\$1,477,647.21		\$11,267,670.20	\$4,977,772.80	69.36%
1/2011	\$911,110.39		\$12,178,780.59	\$4,066,662.41	74.97%
2/2011	\$677,683.48		\$12,856,464.07	\$3,388,978.93	79.14%
3/2011	\$441,048.08		\$13,297,512.15	\$2,947,930.85	81.85%
4/2011	\$651,171.83		\$13,948,683.98	\$2,296,759.02	85.86%
5/2011	\$295,666.82		\$14,244,350.80	\$2,001,092.20	87.68%
6/2011	\$388,500.00		\$14,632,850.80	\$1,612,592.20	90.07%
7/2011	\$378,392.87		\$15,011,243.67	\$1,234,199.33	92.40%
8/2011	\$45,561.02		\$15,056,804.69	\$1,188,638.31	92.68%
9/2011	\$14,470.00		\$15,071,274.69	\$1,174,168.31	92.77%
10/2011	\$373,110.41		\$15,444,385.10	\$801,057.90	95.07%
11/2011	\$14,470.00		\$15,458,855.10	\$786,587.90	95.16%
12/2011	\$696,450.93		\$16,155,306.03	\$90,136.97	99.45%
1/2012		\$90,136.97	\$16,245,443.00	(\$0.00)	100.00%
2/2012				(\$0.00)	0.00%
3/2012				(\$0.00)	0.00%

Note: The "actual" amounts on this report are reflective of the value of actual work-in-place or work that has been completed. The ARRA Expenditure report is based on actual checks that have been paid to the contractors. While this reports the value of work in place, contractors are deficient on payment draw requirements (such as submitting certified payroll, section 3 certification, etc.) precluding approval of their payment requests. CMB staff is working on bringing deficient contractors current on their requirements so that the ARRA grant can be drawn down to reflect the value of the work in place.

ARRA ACTUAL/PROJECTED WORK-IN PLACE DETAIL

	Actual	Projected	Total	Makua Alii (Const./Mgt.)	KVH	Kaimalino/ Kealahou	Hale Hauoli	Makani Kai Hale	Makua Alii (Const.)	Kalakaua	Kahehiki Terrace	Kalanihua	Administration
MAR '10	801,688.00		801,688.00		200,000.00								601,688.00
APR	589,557.04		589,557.04		325,000.00	264,557.04							
MAY	630,992.76		630,992.76		270,283.55	283,431.88			77,277.33				
JUN	1,058,697.88		1,058,697.88		225,000.00	523,091.07		102,953.74	61,749.07		125,574.00	20,330.00	
JUL	860,883.75		860,883.75		300,456.00	179,703.63			277,997.82		102,726.30		
AUG	1,221,298.67		1,221,298.67	27,645.00	229,682.45	213,097.48		230,000.00	173,965.17	182,012.77	164,895.80		
SEPT	1,436,175.98		1,436,175.98	27,645.00	4,493.00	158,461.24		291,947.17	212,603.45	337,332.17	236,281.65	167,412.30	
OCT	1,090,632.75		1,090,632.75	27,645.00		121,897.00		176,575.00	7,068.00		757,447.75		
NOV	2,100,096.16		2,100,096.16	27,645.00		34,612.30		264,047.00	465,322.98	181,468.88	1,127,000.00		
DEC	1,477,647.21		1,477,647.21	27,645.00		126,898.00	319,397.36	233,915.85	228,421.00	0.00	541,370.00		
JAN '11	911,110.39		911,110.39	26,600.00	8,678.00	10,000.36	32,751.14	218,927.27	197,381.00		416,772.62		
FEB	677,683.48		677,683.48	14,370.72	3,439.00		17,919.54	110,861.87	133,283.00		388,686.80	9,122.55	
MAR	441,048.08		441,048.08	27,645.00			0.00		140,750.81		272,652.27		
APR	651,171.83		651,171.83	14,470.00			278,616.52		73,177.55		284,907.76		
MAY	295,666.82		295,666.82	14,470.00			0.00	22,536.69	58,660.13		200,000.00		
JUN	388,500.00		388,500.00	28,940.00			0.00		0.00		359,560.00		
JUL	392,862.87		378,392.87	0.00			278,392.87		0.00		100,000.00		
AUG	45,561.02		45,561.02	14,470.00			0.00		0.00	29,676.97	1,414.05		
SEPT	14,470.00		14,470.00	14,470.00			0.00		0.00	0.00			
OCT	373,110.41		373,110.41	14,470.00			582,244.52		0.00	0.00			-223,604.11
NOV	14,470.00		14,470.00	14,470.00			0.00		0	0.00			
DEC	696,450.93		696,450.93	10,130.00			521,745.05		38,073.83	39,181.00			87,321.05
JAN '12		90,136.97	90,136.97	0.00					90,136.97				
FEB		0.00	0.00	0.00									
MAR													
	\$16,169,776.03	\$90,136.97	\$16,245,443	332,730.72	1,567,032.00	1,915,750.00	2,031,067.00	1,651,764.59	2,235,868.11	769,671.79	5,079,289.00	196,864.85	465,404.94

Total Value of Work In Place to Date	\$16,155,306	332,730.72	\$1,567,032	\$1,915,750	\$2,031,067.00	\$1,651,765	\$2,145,731	\$769,671.79	\$5,079,289	\$196,865
% Work In Place to Date	99.45%	100.00%	100.00%	100.00%	100.00%	100.00%	95.97%	100.00%	100.00%	100.00%
60% amount needed	\$ 9,747,266	\$ 199,638	\$ 940,219	\$ 1,149,450	\$ 1,218,640	\$ 991,059	\$ 1,341,521	\$ 481,803	\$ 3,047,573	\$ 118,119

As of 1/1/2012

**Construction Management Branch
Status Report for Mayor Wright Homes
December 30, 2011**

Completed Activities

- As part of the initiative to replace the aging solar panels, a design charrette was conducted on November 30, December 7 and December 14, 2011.

Planned Activities

- The Final Report detailing the issues brought up during the charrette and the design solution endorsed by the charrette participants will be submitted to the HPHA on January 6, 2012.
- JJS Construction is still waiting for the completion of the re-roofing of Buildings 24, 26 & 30 so that the retrofit of those buildings can be completed and the warranties for all buildings processed. Completion of the re-roofing work is expected before January 2013. JJS contract will expire on January 19, 2012 and the new contract documents extending the expiration period to January 19, 2013 is being reviewed by the Attorney General's Office.
- A selection committee will be established to identify the Consultant who will be awarded the contract to prepare bid documents for the site, infrastructure and building improvements for Mayor Wright Homes.

Trends/Issues

- The CIP funds of \$5.6 M was allocated and budgeted for Mayor Wright Homes' solar hot water modernization. Construction funds need to be encumbered by June 2014.

Risks

- MWH is featured in a class action lawsuit filed against the HPHA

**Construction Management Branch
Status Report for Large Capacity Cesspool Conversions (LCCC) Statewide
December 30, 2011**

Completed Activities

- Contract documents to initiate award and implementation of the sewer work at Kealakehe, Hale Haouli and Lokahi in the Big Island for Willocks Construction is now being reviewed and circulated.

Planned Activities

- Connection to the sewer main at Kealakehe and Hale Haouli in the Big Island and the backfilling of the large capacity cesspools at those two areas are the only remaining outstanding issues in the Environmental Protection Agency (EPA) Consent Agreement/Formal Order (CA/FO). Notice to Proceed (NTP) is being planned for March 2012.
- The Hawai'i Housing Finance & Development Corporation (HHFDC) and Hawai'i Public Housing Authority (HPHA) will enter into a Memorandum of Agreement (MOA) or similar document to address the sharing of a sewer lateral (used by properties owned by the two agencies) but located on the La'ilani property on the Big Island (owned by the HHFDC) once the contractor is on board and can conduct field verifications. The MOA will address the cost-sharing of maintenance and repair of the sewer lateral shared by the two agencies.
- The Attorney General's office will be assisting in drafting the necessary documents requesting the cancellation of the Executive Orders relating to the Hawaii Public Housing Authority's (HPHA) responsibilities of the Teacher's Cottages in Maui and Hawaii counties, issuing management and control to the Department of Education (DOE), in reference to Consent Agreement/Final Order (CA/FO) requirements of the Environmental Protection Agency (EPA).
- Draft of "5-year Maintenance of Individual Wastewater Systems (IWS) and Underground Injection Control (UIC) Seepage Pits" bid documents for HPHA properties statewide are being prepared for review and approval.

Trends/Issues

- Honokaa sewer main is expected to be ready for connection for all affected properties (including Hale Haouli) by March 2012. Upon receipt of letter from the County, connection has to occur within 90 days.

Risks

- **Group 2** cesspools had a March 2009 deadline. Environmental Protection Agency (EPA) noted that the sewer connection for Kealakehe and Hale Haouli on the Big Island are still outstanding and are not yet in compliance. However, David Albright, head of the EPA regional office in San Francisco, indicated that penalizing HPHA for delays is not a top enforcement priority and that he believes that there is no need to amend the CA/FO to amend deadline dates.

STATUS REPORT ON LARGE CAPACITY CESSPOOL CONVERSIONS, HPHA
(prepared 1/05/2012)

Group 2--All @ Big Island			# CP:	Status as of January 2012		CD*
1	KAIMALINO	Kailua-Kona	6	IWS-ATO Nos. 42659, 42660, 42661, 42662, 42663 dated 12/6/10 on file		10/09
	TMK 3-7-4-017-029			Out of the 6 cesspools, 5 converted to seepage pits and 1 was backfilled and abandoned. The renewal permit for the seepage pits DOH UIC Permit--UH 1706 was approved 8/31/2011		
2	KEALAKEHE HOUSING	Kailua-Kona	17	Ready to connect to sewer main; after connection, 17 cesspools will be backfilled.		
	TMK 3-7-4-017-058			Awaiting approval to award contract to Willocks Construction. NTP expected in March 2012. An MOA with HHFDC will be developed since Kealakehe's sewer line runs thru HHFDC property.		OPEN
3	LA'ILANI	Kailua-Kona	66	HHFDC		NA
4	HAWAII MONTESSORI	Kailua-Kona	2	HHFDC		NA
5	JACK HALL	Kailua-Kona	13	HHFDC		NA
Total			104	CP-- Cesspools	CD*-Completion date of Contractor's Scope of Work	

Group 1 @ Big Island			# CP:	Status as of January 2012		CD*
6	NOELANI 1	Kamuela	3	IWS ATO # 41011, 41013, 40114 dated 9/22/10 on file;		6/08
	TMK 3-6-5-009-025			DOH UIC Permit No. UH-2887 for wells 1 through 3 approved 12/19/11		
7	NOELANI II	Kamuela	7	IWS ATO #41996 to 42000 (5 septic tanks) dated 9/22/10 on file.		6/08
	TMK 3-6-5-009-026			DOH UIC Permit No. UH-2888 for wells 1 through 6 approved 12/22/11		
8	HALE ALOHA O PUNA (Keeau	6	IWS ATO# 42856, 42860, 42861, 42862, 42863, 42864 & 42865 dated 8/4/10 on file		12/09
	TMK 3-1-6-143-035			UIC #2825 for backfilling accepted on 11/18/2010; UIC UH-2826 for 3 pits approved 12/8/10		
9	HALE HOOKIPA (E)	Kealahou	10	IWS ATO #43221 & 43223 on file; OA still working on #43220 & 43222; UIC permit filed 2/2011		11/08
	TMK 3-8-1-002-049			6 LCCs abandoned-4 need backfill rpts, 2 need UIC permits, 4 LCCs converted to seep.pits		
10	NANI OLU (E)	Kealahou	8	IWS ATO# 43252 to 43260 (9 systems) dated 6/10 on file		11/08
	TMK 3-8-002-047,048	9 CP		UIC permit No. UH-2793 for wells 1 thru 9 approved 2/24/2011		
11	NANI O PUNA	Pahoa	4	HHFDC		11/09
	TMK 3-1-5-002-02					
12	HALAULA TC	Kapaau	3	All done/Initiated process of transferring to DOE; need to resend HPHA letter to DLNR		01/09
13	KA'U TC	Pahala	2	All done/Initiated process of transferring to DOE; need to resend HPHA letter to DLNR		01/09
14	WAIMEA TC	Kamuela	1	All done/Initiated process of transferring to DOE; need to resend HPHA letter to DLNR		6/08
15	HONOKAA TC	Honokaa	1	All done/Initiated process of transferring to DOE; need to resend HPHA letter to DLNR		11/08
Total			45	UIC -- Underground Injection Control; IWS-- Individual Wastewater System		

STATUS REPORT ON LARGE CAPACITY CESSPOOL CONVERSIONS, HPHA
(prepared 1/05/2012)

Group 1 @ Kauai			# CP:	Status as of January 2012	
16	HALE HO'OLULU (E)	Kilauea	2	IWS ATO # 41589, 41590 & 41591 approved on 11/14/11. 2 cesspools were backfilled; UIC-UK 2774 rescinded	6/12
	TMK: 4-5-2-003-056				
17	KALAHEO	Kalaheo	5	IWS ATO 41585, 41586, 41587, 41588 dated 3/8/2011 on file UIC Permit No. UK-2737 for 4 seepage pits approved 6/1/09; annual report submitted 10/15/11	6/12
	TMK: 4-2-3-120-030				
18	KEKAHA HA'AEHO	Kekaha	72	IWS ATO # 41598 to 41628 dated 3/2011 for 31 septic tanks on file	2/12
	TMK: 4-1-3-008-020 & 026				
			79	(AECOM Pacific Inc. is Consultant of Record for Kauai projects)	

Group 1 @ Maui			# CP:	Status as of January 2012	
19	HANA 'B' TC	Hana	1	All done/initiated process of transferring to DOE; need to resend HPHA letter to DLNR	09/09
20	WAKIU 'A' - E' TC	Hana	2	All done/initiated process of transferring to DOE; need to resend HPHA letter to DLNR	09/09
			3	(AECOM Pacific Inc. is Consultant of Record for Maui projects)	
Total for Group 1			127		

Others originally not identified in CA/FO			Status as of January 2012		
a	Lokahi Housing	N.A.	8	11 septic tanks (IWS) total; 3 of the 11 need to be replaced; 4 cesspools to be backfilled This is not part of CA/FO; Awaiting approval to award contract to Willocks Construction. NTP expected in 3/2012.	01/10
	TMK 3-2-4-052-020				
b	Hale Hauoli Housing	N.A.	5	7 cesspools to be backfilled when sewer main is completed in early 2012	(1)
	TMK 3-4-5-010-078	7 CP		Awaiting approval to award contract to Willocks Construction. NTP expected in 3/2012	
c	Pahala Elderly Housing	Pahala	5	IWS ATO# 18081 to 18085 (5 tanks) approved 12/2009 on file	12/09
	TMK 3-9-6-017-037			UIC Permit No. UH-2657 for wells 1 through 3; (ask OA for the other 2)	
			(1) dry sewer pipes installed 11/08		

CONSTRUCTION MANAGEMENT BRANCH
Project Status Report
Elevator Modernization Projects

December 30, 2011

Completed Activities

- 11 State Elevators Repairs and Maintenance:
 - Schindler maintenance services started on November 30th, 2011.

Planned Activities

- Elevator Consulting Services (ECS):
 - Monitoring ongoing modernization work.
- 16 Federal Elevator Modernization and Repairs:
 - State inspector will test the elevator Car #2 at Makua Alii on January 11, 2012 and Car #1 at Kalakaua on January 12, 2012. HPHA will test the elevators for acceptance on January 13, 2011.
 - Turn over the first two modernized cars to the project on January 17, 2012.
 - Start modernization work to Car #1 at Makua Alii and Car #2 at Kalakaua on January 17, 2012.
 - Maintenance services to all other elevators are on schedule.
- 11 State Elevators Repair and Maintenance
 - Maintenance services to elevators are on schedule.
 - Contractor to submit a schedule for the repair/upgrade of the 11 state elevators.

Trends/Issues

Structural repair for Makua Alii Phase II project started on December 1. The spall repair contractor (CDI) is planning to use the elevator to haul his material and debris of the removed planter boxes. Elevator contractor agreed to have CDI use the second car (under modernization) for hauling his material. Elevator contractor will also submit a proposal to expedite the construction of the second car as this car is the larger car which is heavily used by people in wheel chair or tenants doing their laundry on the 20th floor.

Elevator Modernization Report: Hawaii Public Housing Authority Elevators reported as of 1/1/2012

Note: All dates and costs are subject to change

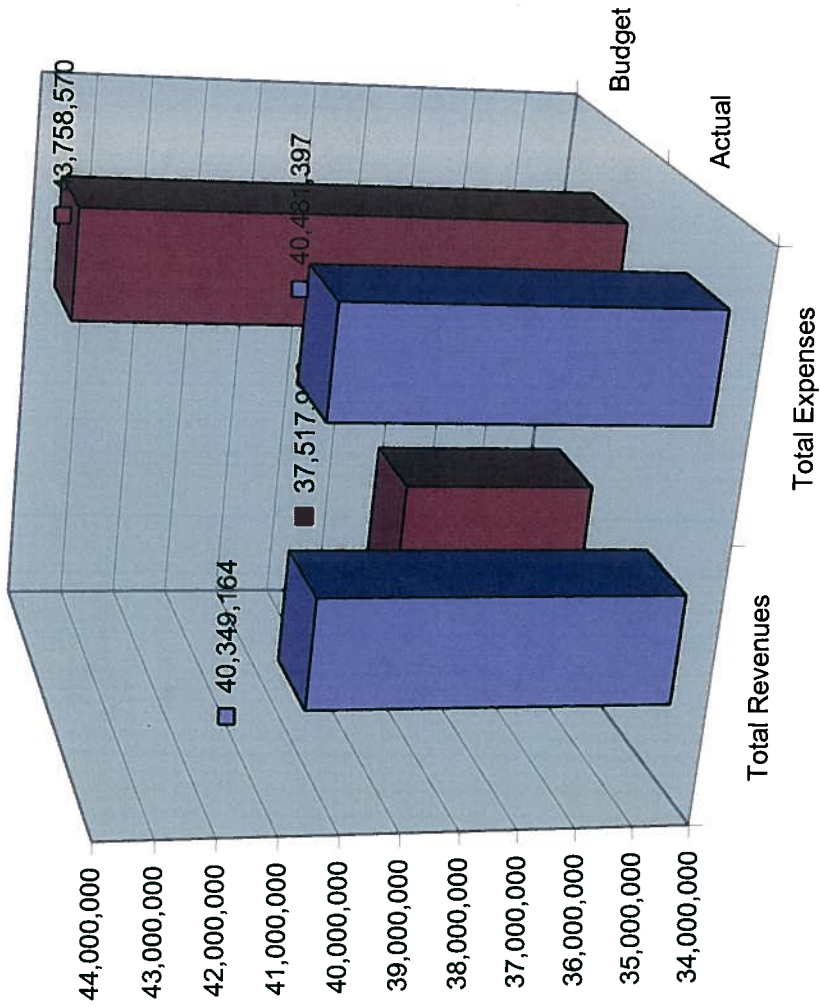
MODERNIZATION (REBUILDING) OF FEDERAL ELEVATORS												
Name	Housing Type	Elevator No.	Year Elevator Installed	Age of Elevators in Years	Number of Units	Number of Floors	Modernizations Planned		Construction Cost	Funding Source	Construction Start	Estimated Construction Completion
							Major	Minor				
Kalakaua Home Phase 1	Elderly	1	1983	25	221	10	2		\$460,733	B-08-401-K	May-11	Jan-12
		2	1983	25				Jan-12			May-12	
Makua Alii Phase 1	Elderly	1	1967	41	211	20	2		\$460,733	B-08-401-K	Jul-11	Jan-12
		2	1967	41				Jan-12			Apr-12	
Kalanihula Phase 2	Elderly	1	1968	40	151	15	2		\$471,204	B-08-401-K	Apr-12	Aug-12
		2	1968	40				Aug-12			Oct-12	
Paokalani Phase 2	Elderly	1	1970	38	151	17	2		\$445,026	B-08-401-K	May-12	Aug-12
		2	1970	38				Aug-12			Oct-12	
Pumehana Phase 3	Elderly	1	1972	36	139	21	2		\$465,968	B-08-401-K	Oct-12	Feb-13
		2	1972	36				Feb-13			Apr-13	
Punchbowl Homes Phase 3	Elderly	1	1961	47	144	7	2		\$371,728	B-08-401-K	Oct-12	Jan-13
		2	1961	47				Jan-13			Mar-13	
Makamae Phase 4	Elderly	1	1971	37	124	4	2		\$261,780	B-08-401-K	Mar-13	May-13
		2	1971	37				May-13			Aug-13	
Willikina Apts Phase 4	Family	1	1977	31	119	9	2		\$424,712	B-08-401-K	Apr-13	Jul-13
		2	1977	31				Jul-13			Oct-13	
Salt Lake Apts	Family	1	1970	38	28	8	1		\$1,000,000	B-08-401-K	Apr-12	Jul-13

Elevator Modernization Report: Hawaii Public Housing Authority Elevators reported as of 1/1/2012

Note: All dates and costs are subject to change

MODERNIZATION (REBUILDING) OF STATE ELEVATORS												
Name	Housing Type	Elevator No.	Year Elevator Installed	Age of Elevators in Years	Number of Units	Number of Floors	Modernizations Planned		Construction Cost	Funding Source	Construction Start	Estimated Construction Completion
Hale Poi	Elderly	1	1989	19	206	7	Major	2	\$65,723	B-10-404-K	Dec. 1/2011 est.	Dec-16
		2	1989	19								
Halia Hale	Elderly	1	1995	13	41	5		1	\$27,682	B-10-404-K		
Lalola	Elderly	1	1991	17	108	6		2	\$55,757	B-10-404-K		
		2	1991	17								
Kulaokahua	Homeless	1	1992	16	30	3		1	\$16,056	B-10-404-K		
Ho'olulu Elderly	Elderly	1	1994	14	112	7		2	\$108,628	B-10-404-K		
		2	1994	14								
Kamalu Elderly	Elderly	1	1993	15	109	7		2	\$52,720	B-10-404-K		
		2	1993	15								
	TOTAL	28			1,894	146		10	\$4,688,449	B-10-404-K		
Average age of elevators				29								

HPHA November 30, 2011 Actual VS Budget



	Total Revenues	Total Expenses
Actual	40,349,164	40,481,397
Budget	37,517,963	43,758,570

HEARINGS OFFICE-STATEWIDE FEDERAL EVICTION REFERRALS

REFERRALS		RESULT OF EVICTION REFERRAL							
		REASON FOR REFERRAL							
MONTH	Total	Rent	Other	Evict	Evict with Cond	10-day Cure	Dismiss	Continued	Completed
FY 2008	145	108	37	56	39	18	5	37	118
FY 2009	232	194	38	94	63	5	11	59	173
FY 2010	263	223	40	109	83	4	6	61	202
FY 2011	178	140	38	68	54	5	5	46	132
FY 2012	51	40	11	15	17	0	1	15	35

July 2010 - December 2011

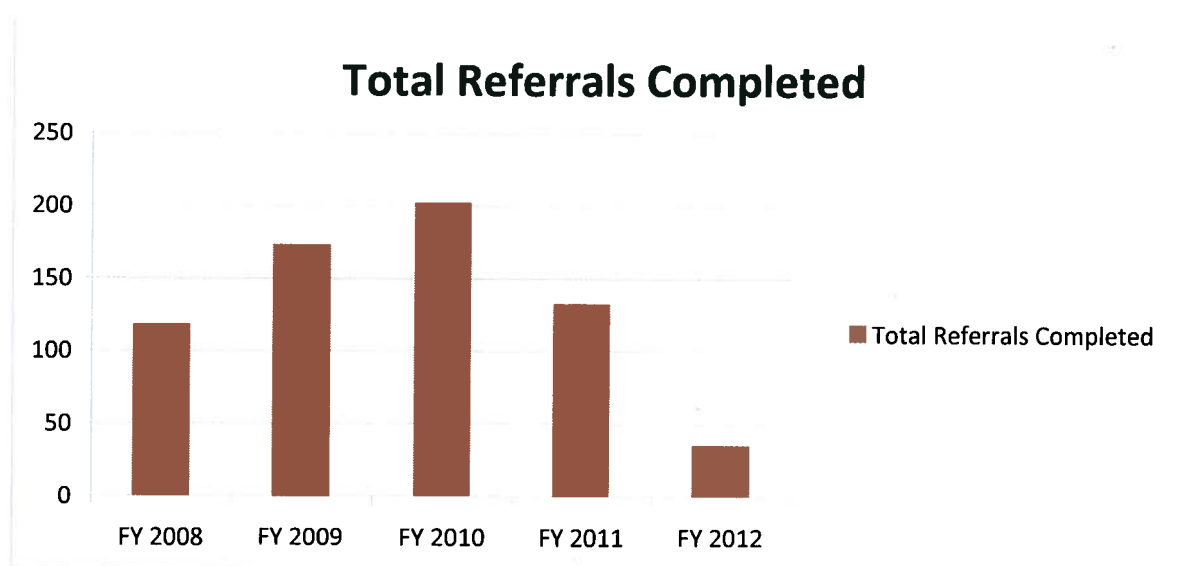
REFERRALS		RESULT OF EVICTION REFERRAL							
		REASON FOR REFERRAL							
MONTH	Total	Rent	Other	Evict	Evict with Cond	10-day Cure	Dismiss	Continued	Completed
July 10	20	12	8	10	4	2	0	4	16
Aug 10	15	11	4	6	0	0	0	9	6
Sept 10	18	13	5	6	7	1	0	4	14
Oct 10	20	15	5	5	4	1	3	7	13
Nov 10	28	23	5	9	7	1	2	9	19
Dec 10	0	0	0	0	0	0	0	0	0
Jan 11	4	3	1	2	2	0	0	0	4
Feb 11	26	20	6	17	6	0	0	3	23
Mar 11	15	14	1	3	8	0	0	4	11
Apr 11	18	16	2	6	9	0	0	3	15
May 11	10	10	0	2	6	0	0	2	8
June 11	4	3	1	2	1	0	0	1	3
July 11	5	3	2	2	1	0	0	2	3
Aug 11	11	8	3	3	3	0	1	4	6
Sept 11	9	8	1	2	5	0	0	2	7
Oct 11	7	7	0	3	3	0	0	1	6
Nov 11	16	13	3	3	4	0	0	6	10
Dec 11	3	1	2	2	1	0	0	0	3
TOTALS	229	180	49	83	71	5	6	61	167

Total # of Cases Heard for the Month of December 2011: 3
(Oahu & Neighbor Islands)

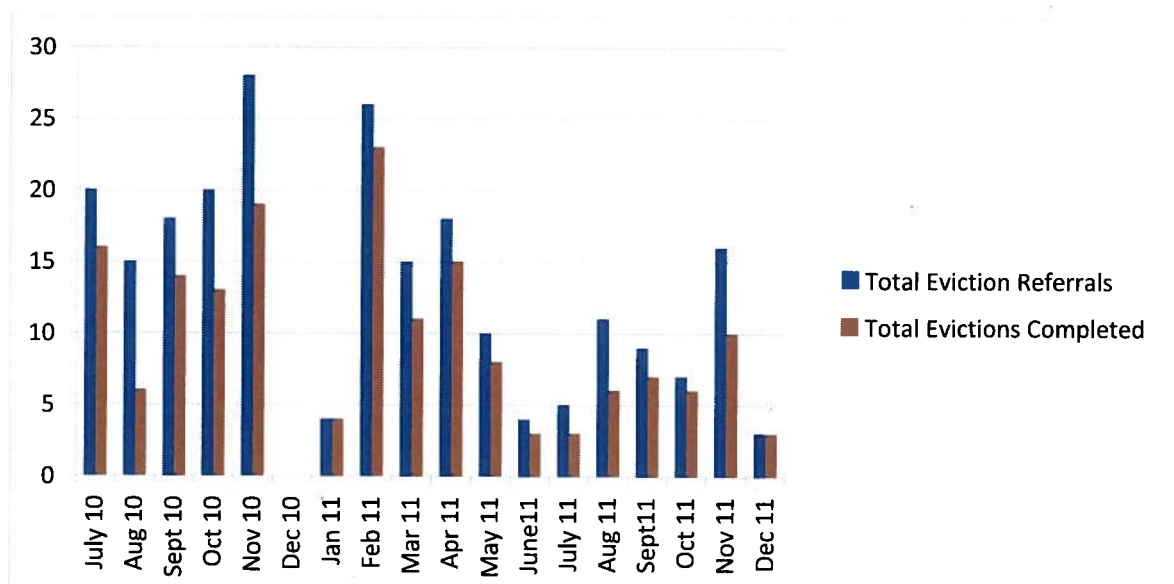
Decisions Rendered:	Rent Violations	Other Violations
Eviction	0	2
Evict w/cond	1	0
10-day cure	0	0
Dismissal	0	0
Continued	0	0
Total	1	2

**Eviction board request no hearings or evictions for December (holidays) unless health and safety concerns.
 Delinquent balances for rent cases ordered evicted for month of December 2011: \$0.00
 Total

Fiscal Years 2008-2012



July 2010 - December 2011 (By Month)



VI. FOR DISCUSSION/INFORMATION

The following items will be discussed in executive session with the Board's Attorneys. There are no handouts for these items.

- A. For Information: *Kolio, et al v. State of Hawaii, Hawaii Public Housing Authority Denise Wise in Her Official Capacity As Executive Director (Civil Case No. CV11-00266 and Civil No. 11-1-0795)*

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to *Kolio, et al v. State of Hawaii, Hawaii Public Housing Authority; Denise Wise In Her Official Capacity As Executive Director (Civil Case No. CV11-00266 and Civil No. 11-1-0795)*

- B. For Discussion: Review and Execution of an Energy Services Agreement

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities.

C. For Information: U.S. Department of Housing and Urban Development Ethics Training

- Fundamentals of PHA Board Oversight
- Legal Briefing: Conflicts of Interest, Litigation and Reporting, HATCH Act
- Asset Management
- Management and Operations
- Understanding the Public Housing Assessment System
- Financial Viability

Approved by the Executive Director 

January 19, 2012

FOR INFORMATION

SUBJECT: Hawaii Public Housing Authority Annual Report for the Fiscal Year July 1, 2010 to June 30, 2011.

I. FACTS

- A. The Hawaii Public Housing Authority is required to submit the Annual Report to the Legislature no later than 20 days before the start of the legislative session.
- B. A copy of the Annual Report is also filed with external stakeholders including the U.S. Department of Housing and Urban Development and other State Departments.
- C. The Annual Report was submitted to the Legislature by letter dated December 28, 2011.

Attachment

Prepared by: Nicholas Birck, Chief Planner 

Hawaii Public Housing Authority

**Annual Report
Fiscal Year 2011
July 1, 2010 - June 30, 2011**

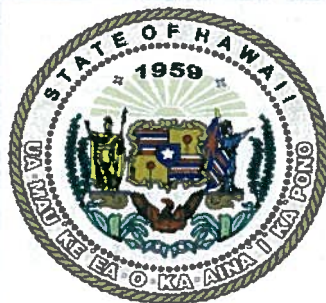


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Board of Directors

The Hawaii Public Housing Authority is governed by a Board of eleven directors representing a cross section of public and private entities. The members meet monthly to oversee the Authority and to provide professional assistance concerning policy matters. This report is submitted pursuant to Section 356D-20, Hawaii Revised Statutes.

David J. Gierlach
Chairperson
Oahu

Matilda A. Yoshioka
Vice-Chair
Kauai

Jason Espero
Secretary
Oahu

Travis O. Thompson
Maui

Trevor N. Tokishi
Maui

George Yokoyama
Hawaii

Roger Godfrey
Oahu

Desiree Kihano
Resident Member

Vacant

Patricia McManaman
Ex-Officio
Director, Department of Human Services

Debbie Shimizu
Ex-Officio, Legislative Coordinator
Designee of Governor Neil Abercrombie

Message from the Chairperson of the Board of Directors



Aloha mai kakou:

On behalf of the Hawaii Public Housing Authority Board of Directors, we are most grateful for your support in funding the needs HPHA is charged to meet. Those needs are for safe, decent, sanitary, and temporary affordable housing for extremely low income residents of the State of Hawaii. We deeply appreciate the monies allocated in the current biennium budget. These monies will go a long way in permitting HPHA to adequately serve the neediest among us and we are committed to using these funds wisely, efficiently and effectively.

The Board has directed the Office of the Executive Director to ensure a rapid reduction in the number of vacant units, recognizing that every vacant unit represents a family still living on the streets or in shelters. The Board is committed to ensuring that middle management is given the authority and the responsibility to operate our public housing developments in a manner that provides prompt remedial work, rigorous enforcement of house rules, security for the tenants, and creating a sense of personal responsibility among those who reside in the developments.

We have hired a new Executive Director who shares the Board's goals and vision of HPHA. Hakim Ouansafi comes from an extensive background in project supervision, real estate development, management expertise, and customer service. He is well aware of the challenges faced by and within this agency and is ready to take those steps necessary to accomplish the vision this Board has for public housing, including, among other things, public/private partnerships in the development of new housing projects. With him, the Board is committed to working with volunteers, non-profits, other agencies, and our partners at the U.S. Department of Housing and Urban Development to meet our common goals of improving affordable housing in Hawaii.

Among the high priority projects is Mayor Wright Homes, the subject of considerable adverse publicity over the last year. The hot water issue was quickly fixed due to Governor Abercrombie's intervention, security will be significantly improved utilizing a renewed Weed and Seed program and tenant walk-about occur every evening. Mayor Wright Homes is high on the Board's list of projects that call for a complete overhaul.

We look forward to improving the lives of our most economically challenged residents. We believe that every society may be appropriately judged by how it treats its most needy members.

Respectfully,

A Look Forward

David J. Gierlach
Chairperson of the
Board of Directors
Hawaii Public Housing Authority

Message from the Immediate Past Chairperson of the Board of Directors



Aloha:

It is a pleasure and honor to report upon the accomplishments of the Hawaii Public Housing Authority during FY 2011. Throughout the year, the Authority spent considerable time and effort in negotiating and subsequently contracting for the mixed finance re-development at Kuhio Park Terrace. The first phase of the transaction closed in May, 2011, with the sale of the Towers to Michaels Development. The project represents the first public-private partnership for the State of Hawaii and will include additional phases benefitting the surrounding Kuhio Homes project.

At the same time, the Authority completed the sale of Banyan Street Manor, a transaction which placed ownership of the development in private hands while retaining low-cost housing for the citizens of Hawaii.

Our financial management system was significantly improved in a positive manner, with project budgets now available on a monthly basis. And, the HUD mandated asset management system was implemented as of June 30, 2011. This system is intended to provide additional accountability, with each project operating as a business, responsible for revenues and expenditures.

During the year, contracts were issued on or ahead of schedule for American Recovery and Reinvestment Act funds totaling \$16,245,443. The March 2011 deadline for expending 60% of the funds was accomplished two months ahead of schedule. This was achieved while the Authority concurrently managed a significant number of additional capital improvement projects during the year.

A Management Audit of the Hawaii Public Housing Authority was released in June 2011, and did an effective job of assessing the Authority's management of state and federal public housing. The Authority is working to implement the recommendations of the Legislative Auditor, with the achievement of asset management visibly signifying that the HPHA is continuing to head in the right direction. I hope you will agree that the stage has been set for future improvements in the management and operation of public housing in Hawaii.

Sincerely,

Travis O. Thompson
Immediate Past Chairperson of the
Board of Directors
Hawaii Public Housing Authority

Year in Review

Message from the Executive Director



The first year of the State Fiscal Biennium 2011-2013 has been a busy one for the Hawaii Public Housing Authority staff. The agency has been working to increase staffing levels in crucial management positions to provide better support for the thousands of needy tenants served statewide. The agency started the year with American Recovery and Reinvestment Act deadlines, property dispositions in progress, delays and difficulties in attaining federally mandated asset management, and extremely low staffing levels impacting our operations. These issues were reflected in the Legislative Auditor's report (released June 2011) and 2010 HUD inspection reports.

The HPHA achieved a significant milestone by completing the sale of the Towers at Kuhio Park. The conclusion of this mixed finance public/private partnership resulted in significant infusion of much needed capital funding into one of the State's largest affordable housing developments, removed an enormous burden from the agency's capital improvement backlog, and represents the first step in a larger plan to revitalize the Kuhio Park/Kuhio Homes neighborhood in Kalihi.

The HPHA's Construction Management Branch and Fiscal Management Office were able to work cooperatively to assure the timely obligation and consistent reporting of over \$16 Million received through the Stimulus program. This achievement was concurrent with the timely obligation or encumbrance of over \$30 Million in other Federal and State capital funds. Over the Biennium, the agency is poised to encumber and expend an unprecedented allocation of State capital funds, which appreciably demonstrates the New Day in Hawaii and its commitment to improving the lives of the neediest citizens in the State.

Other important milestones achieved include the successful conversion to the Federal requirement of Asset Management. While the transition is still in progress, the agency is on schedule and fully compliant with the goals and objectives of this HUD priority. 2011 HUD inspection reports are already reflecting the changes in management that have occurred. Going forward, the HPHA will continue to improve newly retained staff with effective training programs, and will continue improving responses to fair housing issues, requests for reasonable accommodation, and participation in the communities where we serve the State and its citizens.

Respectfully,

Barbara E. Arashiro
Acting Executive Director
Hawaii Public Housing Authority

Agency Timeline

1935

The Hawaii Housing Authority was created by the Territorial Legislature to provide safe and sanitary housing for low-income residents of Hawaii.

1987

The Housing Finance and Development Corporation was created by Act 337 as part of Governor John Waihee's initiative to create a streamlined organization to promote affordable housing.

1997

Act 350, under the Cayetano Administration, consolidated the Hawaii Housing Authority and Housing Finance and Development Corporation into a single housing agency known as the Housing and Community Development Corporation of Hawaii (HCDCH).

2005

On July 5, 2005, Governor Linda Lingle signed Act 196 which effectively bifurcated the HCDCH into two agencies, the Hawaii Public Housing Authority (HPHA) and the Hawaii Housing Finance and Development Corporation (HHFDC).

Under this new structure HPHA is charged with managing federal and state public housing programs, including Section 8 and senior housing. The finance and development functions of HCDCH formed the core of HHFDC, which is tasked with developing and financing low- and moderate-income housing projects and administering home ownership programs.

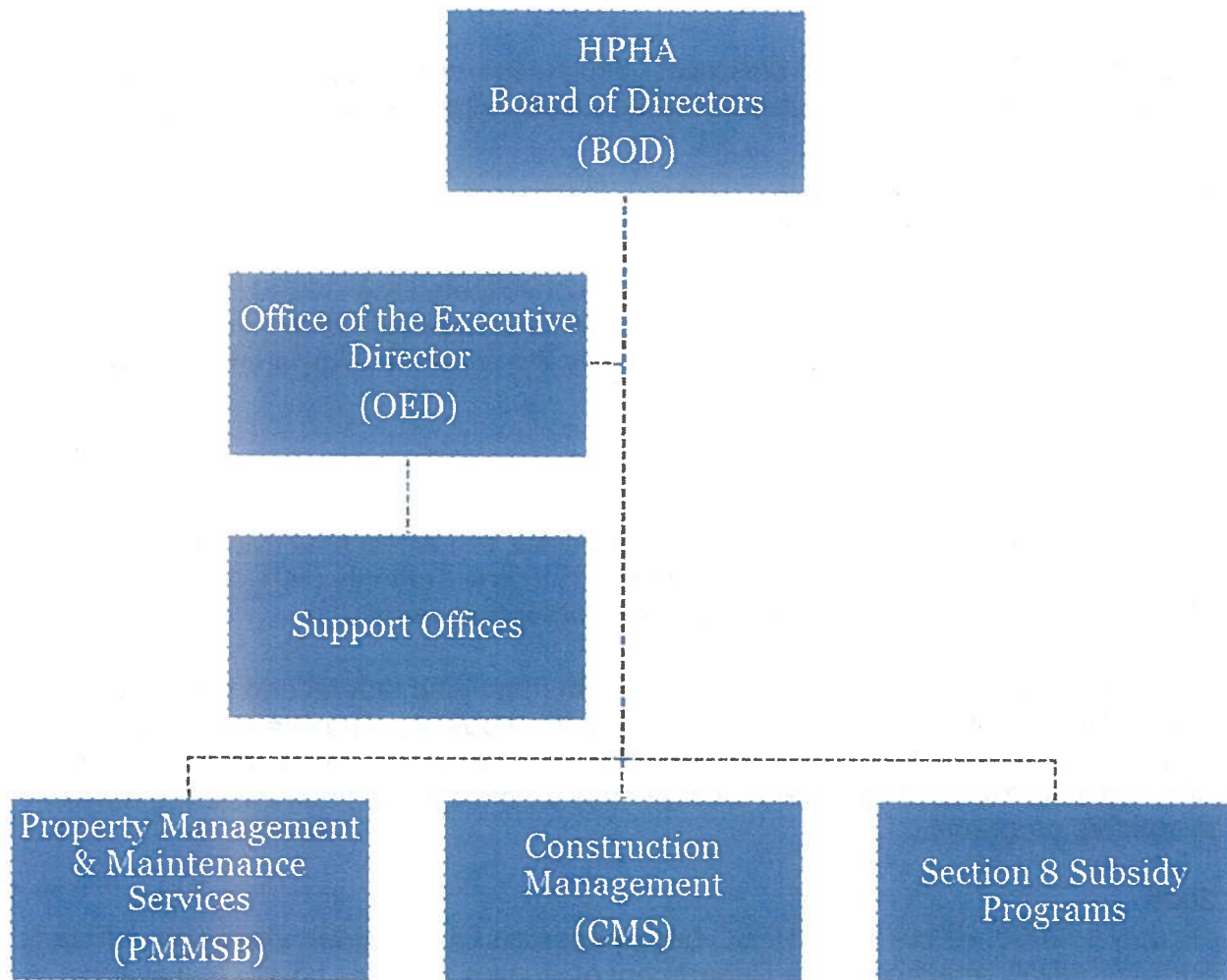
2006

On July 1, 2006, HPHA and HHFDC began operating as separate agencies. HPHA is administratively attached to the Department of Human Services (DHS) and HHFDC is administratively attached to the Department of Business, Economic Development, and Tourism.

2010

Pursuant to Act 89 of the 2010 Hawaii Session Laws, the Homeless Programs Section was transferred from HPHA to the Benefit, Employment, and Support Services Division (BESSD) of DHS effective July 1, 2010. This was done at the request of HUD and it streamlined services to those in need of public assistance. Families and individuals now receive shelter, cash assistance, child care, job training and related social services from a one-stop center that is focused on serving these populations.

HPHA Organization



Federal and State Low Income Public Housing Program

Federal public housing is a U.S. Department of Housing and Urban Development (HUD) program established to provide decent, safe rental housing for eligible low-income families, the elderly, and persons with disabilities. There are approximately 1.2 million households living in public housing units nationwide, managed by some 3,300 Housing Authorities.

The Hawaii Public Housing Authority (HPHA) is the sole Public Housing Authority for the State of Hawaii, established by the Territory of Hawai'i in 1935 to provide safe, decent, and sanitary housing for low-income residents. Guided by an eleven (11) member Board of Directors appointed by the Governor of Hawaii, today the HPHA Federal and State Low Income Public Housing programs combine to serve over **5,600 families** or more than **15,000 individuals**.

Portfolio of **84 properties** consisting of **5,581*** units of public housing

- **4,717*** units HUD subsidized
- **864 units** State (no subsidy)
- Units on Kaua'i, O'ahu, Moloka'i, Maui, and Hawai'i

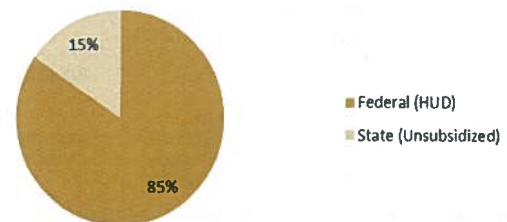
**Kuhio Park Terrace Towers not included*

Unit sizes range from zero (0) bedrooms (e.g. studios) to five (5) bedrooms

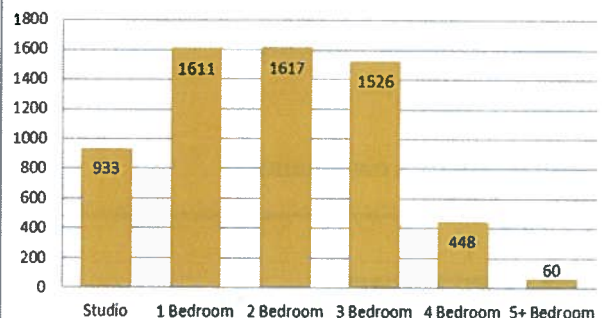
84 properties are grouped into **Sixteen (16) Asset Management Projects (AMPs)**

- **8 AMPs** managed by State employees
- **8 AMPs** managed by private contractors
- Accounting, budgeting, management, oversight, and evaluation performed by AMP with Central Office assistance, known as **Asset Management**

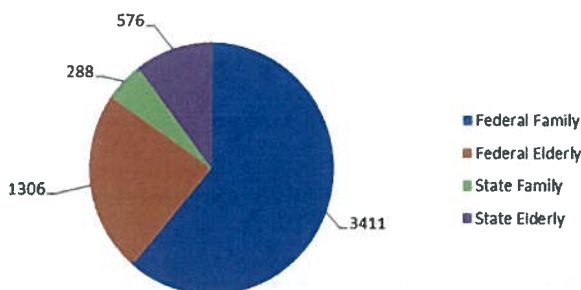
Public Housing Portfolio by Means of Funding



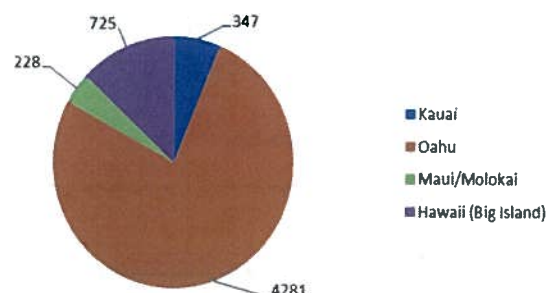
Public Housing Portfolio Unit Mix



Public Housing Units by Program



Units Per Island

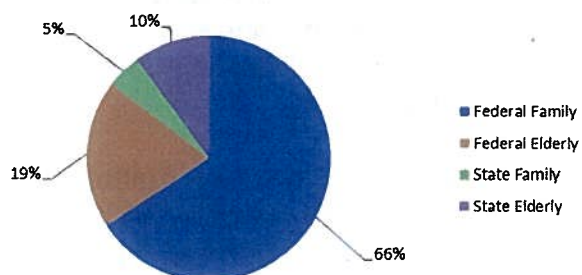


Federal and State Low Income Public Housing Program— Tenant Characteristics

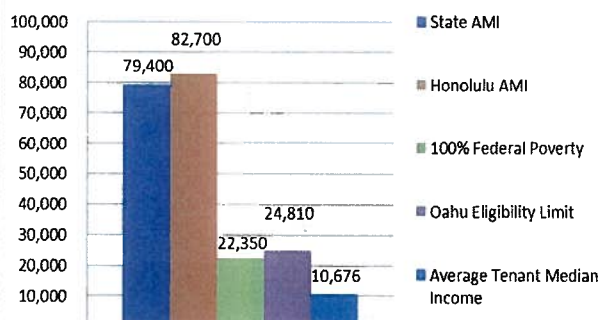
House "Extremely Low Income" people: those earning between zero (0) and **thirty (30) percent Area Median Income (AMI)**

- Current Statewide AMI for family of four (4) = **\$79,400**
- Current Honolulu AMI for family of four (4) = **\$82,700**
- Tenancy restricted to families earning less than **\$24,810**

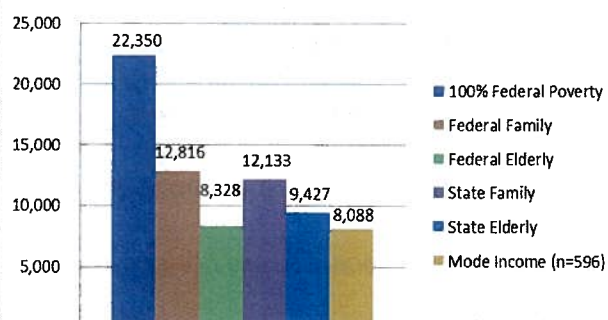
Public Housing Program Beneficiaries



Median Income Comparisons



Program Beneficiary Median Income



Program	Number of Families	Number of Individuals	Average Family Size
Federal Family Low Income Public Housing	3,687	12,625	3.42
Federal Elderly Low Income Public Housing	1,097	1,313	1.2
Total Federal Tenants	4,784	13,938	2.91
State Family Low Income Public Housing	257	812	3.16
State Elderly Low Income Public Housing	569	752	1.32
Total State Tenants	826	1,564	1.89
Total Tenants	5,610	15,502	2.76

Federal Housing Choice Voucher Program and State Rent Supplement Program

The Housing Choice Voucher (HCV) Program, commonly known as Section 8, is a HUD program established to provide rental subsidies for standard-quality units that are chosen by the tenant in the private market with assistance given through tenant-based vouchers. The State of Hawai'i provides limited funding for a similar Rent Supplement program that is administered in the same fashion as the Federal HCV Program.

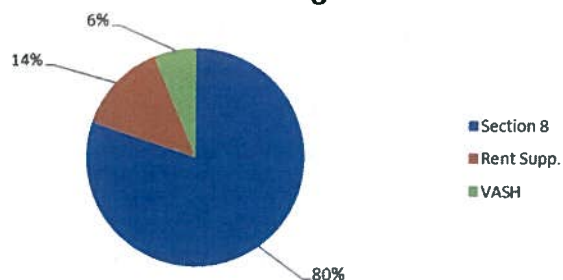
HPHA administers **1,773 vouchers** through the HUD HCV program, Average HCV Housing Assistance Payment (HAP) = **\$1,700** per month

140 Veterans Affairs Supportive Housing (VASH) vouchers, Avg. HAP is **\$800**

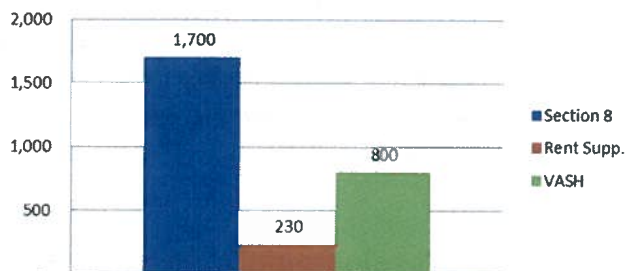
State Rent Supplement Program funds 300 vouchers, Avg. payment of **\$230** per household

Section 8 & Rent Supplement programs on **O'ahu only**; VASH is statewide

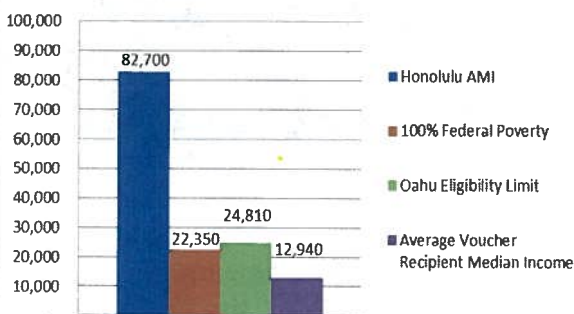
Rental Assistance Programs by Means of Funding



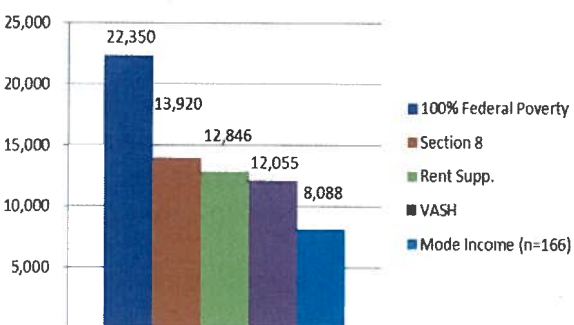
Rental Assistance Programs by Average HAP



Median Income Comparisons



Program Beneficiary Median Income



Program	Number of Families	Number of Individuals	Average Family Size
Section 8	1,578	6,689	4.24
VASH	103	145	1.41
Total Federal	1,681	6,834	4.07
State Rent Supp.	458	1,517	3.31
Total Tenants	3,820	15,185	3.98

Program Year Accomplishments

Visits from Federal Officials

The HPHA was pleased to welcome Sandra Henriquez, the HUD Assistant Secretary for Public and Indian Housing, during her visit to Honolulu on Wednesday, January 5, 2011. She was joined by local HUD officials and the Region IX Administrator, Ophelia Basgal, from San Francisco for a visit to Kuhio Park Terrace.

Also present were members of the KPT tenant board and State Representative Joey Manahan. The Assistant Secretary was impressed with the facilities and the proposals, and was pleased hear about the HPHA's progressive mixed finance plans to revitalize the community for public housing residents.

On August 25, 2011, Governor Neil Abercrombie accompanied HUD Secretary Shaun Donovan on a visit to Mayor Wright Homes to view the status of the property and discuss affordable housing issues in the State of Hawaii.

Property Redevelopment Activities

Many of the properties in the HPHA's property inventory entered service more than forty years ago and have received limited funds to keep up with capital needs. According to the agency's 2009 Physical Needs Assessment (PNA), the Federal public housing properties had a capital repair & maintenance backlog in excess of \$350 Million. HUD provides capital funds to all PHAs by formula, and the HPHA's share has been limited to \$10-12 Million for years.

Act 164, Session Laws of Hawaii 2011, appropriated State Capital Improvement Program (CIP) funds in excess of \$76 Million to assist the agency in modernizing and improving the quality of housing for our tenants. In addition to these funds, HPHA staff is investigating the potential for mixed finance, mixed use, and/or public-private partnership redevelopment opportunities.



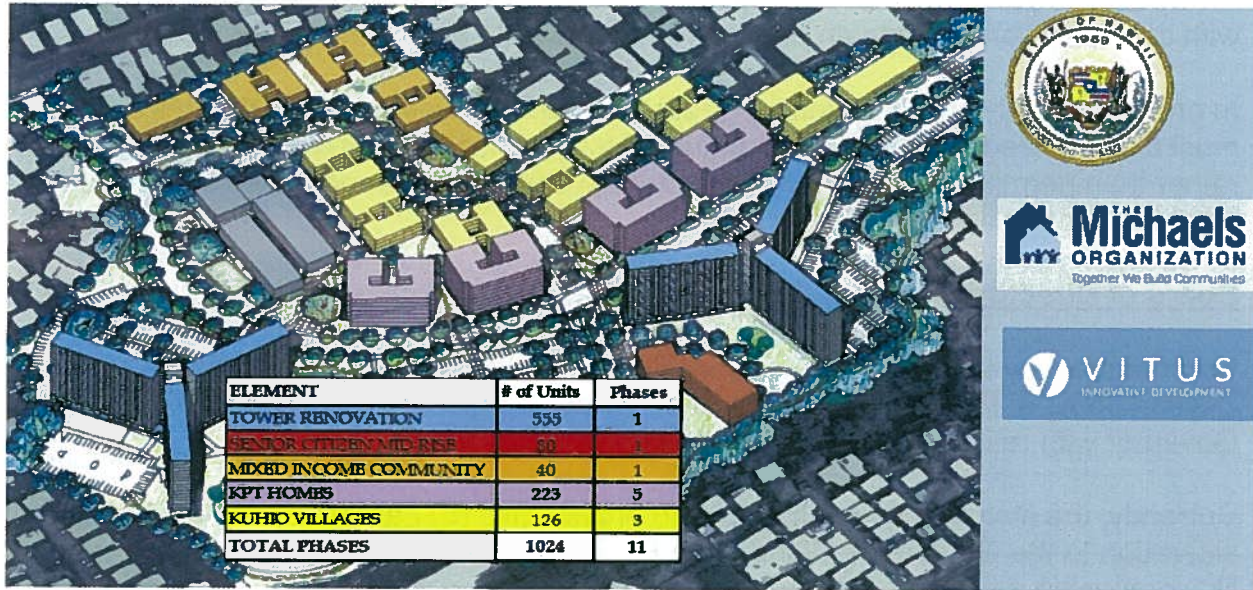
Assistant Secretary Sandra Henriquez and her Advisor, Jennifer Jones in the KPT Community Center Gymnasium.



HUD Secretary Shaun Donovan and Governor Neil Abercrombie discussing affordable housing issues outside Mayor Wright Homes.

Program Year Accomplishments

For example, Banyan Street Manor was sold by the HPHA, with a closing in May 2011. Also, the sale of Wilikina Apartments is scheduled to close before the end of 2011. These are two properties that are benefiting from this strategy of infusing private funds into low-income housing.



Kuhio Park Terrace Redevelopment

On May 12, 2011, the HPHA executed a ground lease and sale of the improvements at Kuhio Park Terrace, successfully transferring the property to a new public-private partnership in order to leverage mixed sources of finance. Utilizing private market funds, low income housing tax credits (LIHTC), and other financing sources, the completion of the transaction allowed the commencement of major capital repairs, resulting in over \$90,000 investment per unit. The Towers are being transformed from 555 outdated public housing units into a mix of public housing, project-based Section 8 vouchers, affordable, and market rate homes.



Chair Marcus Oshiro, Rep. Linda Ichiyama, and Rep. Mark Hashem of the House Committee on Finance were given a tour of the redevelopment site by officials from the public and private partners on November 30, 2011.

Legislative Proposals

Executive Director Compensation

Pursuant to HUD Notice 2011-48 (HA), public housing agencies nationwide must now certify that compensation of Executive Directors has been set by the Board of Directors with consideration given to an analysis of comparable public and private executives.

In order to comply with this Notice, Section 356D-2, Hawaii Revised Statutes (HRS), must be amended. Currently, the statute sets the Executive Director's compensation rather than permitting the Board of Directors to conduct a comparability analysis and set the salary on an annual basis.

Board of Directors Resident Member Nominations

Upon request by the Resident Advisory Board (RAB), the HPHA is seeking to amend Section 356D-6, HRS, to change the procedures in place for that RAB to provide the Governor with resident member nominees.

Currently, the statute requires the RAB to provide five (5) names of individuals for consideration to the Governor's Office. The RAB would prefer an arrangement whereby a list comprising a minimum of three (3) and no more than five (5) names be provided whenever the resident member seat is vacant.

Active Bills Supported by HPHA

H.B. 755, H.D. 1– The HPHA **supports Section 1** of the bill, which would streamline lease termination and eviction procedures for the Federal public housing program. This would be accomplished through amendment of Section 356D-92, HRS.

The HPHA appreciates the intent of Section 2 of the bill; however, the agency feels that the use of eviction boards (current practice) rather than hearings officers (as proposed in Section 2) provides greater due process protection to tenants going through the eviction process. The agency would support this bill **if amended to omit Section 2**.

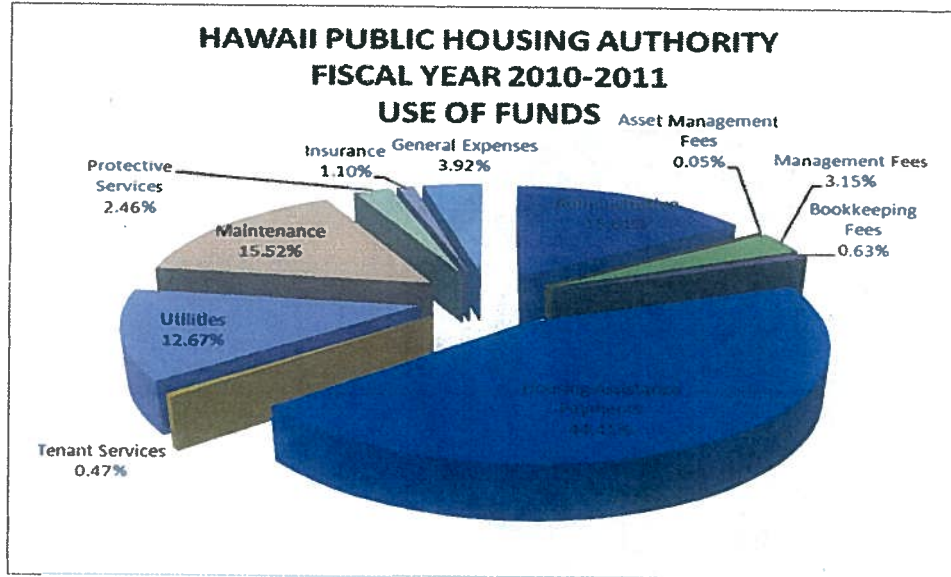
H.B. 1398– The HPHA **supports** this bill, which would enhance the agency's ability to carry out public-private partnerships for the revitalization of our properties. This bill would add a Section to Chapter 356D, HRS, clarifying the agency's authority to enter into development agreements with private developers. While the HPHA currently has the ability to undertake such projects, as evidenced by the completion of the Kuhio Park Terrace project, this statutory amendment would provide the agency with greater flexibility and control over the process by providing certain limited exemptions from the procurement code and allowing the exercise of rulemaking authority.

Financial Data and Auditor's Report

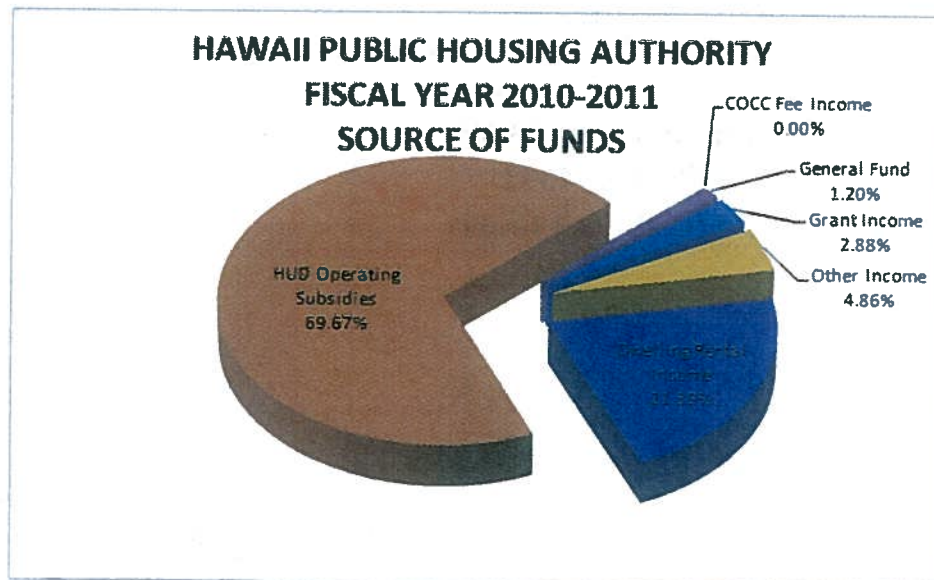
Fiscal Year 2010-2011 Expense Budget: **\$97,741,944**

Increase of **12%** from FY 09-10 due to spike in **utility costs**

Agency employs **249** Full Time Equivalents and **22** Part Time Tenant Aides

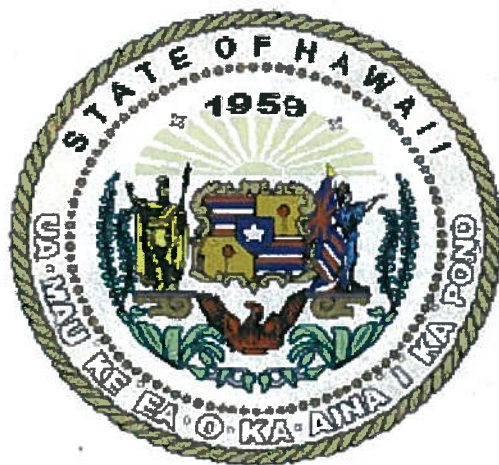


Fiscal Year 2010-2011 Revenue Operating Budget: **\$87,354,600**



The most recent financial and audit information is available on the HPHA website:

<http://www.hpha.hawaii.gov/reportsstudies/index.htm>



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The following item has no handouts:

- E. For Discussion: Board Visioning and Strategic Planning Process